

OFGEM DECISION LETTER No. 0530
"Volume based test for Summer 2002 Entry Capacity"
Version 1.0

Direct Dial: 0202-7901-7437

31 January 2002

Transco, Shippers and Other Interested Parties

Dear Colleague,

Modification Proposal 0530: 'Volume based test for summer 2002 Entry Capacity'

Ofgem has considered the request from TotalFinaElf Exploration UK PLC for modification proposal 0530, '*Volume based test for summer 2002 Entry Capacity*' to follow urgent procedures. We agree that this modification merits urgent status.

This modification proposal seeks to include a single volume based round prior to the commencement of the forthcoming summer 2002 Monthly System Entry Capacity (MSEC) auction to determine whether shippers' entry requirements are within the baseline capacity volumes that are to be offered. Specifically, the modification proposes that:

- a preliminary round is included immediately prior to the start of auction;
- shippers will submit their volume requirements to Transco per ASEP, per month;
- where this capacity requirement is less than the published baseline volumes, Transco will sell capacity to match shippers requirements at the relevant reserve price and the further rounds of the auction process will not be held;
- where shippers' capacity requirements exceed baseline volumes, the auction process will continue for all ASEPs for the months in which the baseline capacity is exceeded.

The modification proposal seeks to determine whether there is likely to be any over-recovery following the auction and seeks to remove auction rounds where they are not necessary.

Ofgem considers this modification proposal merits urgent status as the next series of entry capacity auctions are currently scheduled to commence on 15 February 2002. Ofgem has therefore decided that urgent procedures are necessary for Modification Proposal 0530 due to the short period of time remaining until the commencement of the auctions.

Issued to Ofgem for decision on urgency	31 January 2002
Proposal agreed as urgent	31 January 2002
Proposal issued for consultation	1 February 2002
Close out for representations	6 February 2002
Final report to Ofgem	7 February 2002
Ofgem decision expected	8 February 2002

If you have any queries in relation to the issues raised in this letter, please feel free to contact me on the above number.

Yours sincerely,

Mark Feather
Head of New Gas Trading Arrangements