

TRANSCO NETWORK CODE MODIFICATION PROPOSAL No. 0505

"Delay to January 2002 MSEC Allocation"

Version 1.0

Date: 16/11/2001

Proposed Implementation Date: 01/01/2002

Urgency: Urgent

Justification

This Modification Proposal enables consideration of the appropriate timetable for completion of the forthcoming Monthly System Entry Capacity (MSEC) allocation process. The content of this Proposal originally formed a sub-set of Modification Proposal 0499, which was presented to the Modification Panel on 15 November. The Modification Panel was, in general, of the view that the wider issues raised by Modification Proposal 0499 were best considered in light of Ofgem's final proposals for Transco's System Operator incentives, but that consideration of the timing of the allocation process should be completed earlier. Granting of Urgent Status would therefore enable Users to express views at an early stage about the timing of the forthcoming MSEC auctions and for a resolution to be gained in time for the forthcoming MSEC allocation process to be completed by 31 January 2002 if this proposal is not implemented.

Nature of Proposal

It is proposed that consideration is given to the desirability of delaying the next MSEC auctions by 4-weeks such that the allocation process would be completed not later than 28 February 2002. Transco believes that there is considerable uncertainty arising from discussions about Ofgem's proposals for changes to Transco's System Operator incentives which might apply from 1 April 2002. Transco would therefore welcome views on the appropriateness of a longer delay, but presume respondents will also wish to consider the appropriateness of a reduced period between completion of auctions and the start of the relevant capacity period.

Purpose of Proposal

If the Proposal is implemented, Users are likely to have better information available to them at the time they are next invited to bid for Entry Capacity. By implication the provision of more complete information about the forthcoming commercial regime should tend towards more economic and efficient decisions on the part of Users.

Consequence of not making this change

If the Proposal is not implemented then the next series of MSEC auctions will be completed as specified in the Network Code not later than 31 January 2002. The implication for Users is that at the time of setting their bid strategies they might have available incomplete information about the format of the commercial regime in which they are asked to value Entry Capacity.

Area of Network Code Concerned

Section B2 and Transition Arrangements (part II 8.1.3)

Proposer's Representative

Russell D Cooper (Transco)

Proposer

Tim M Davis (Transco)

Signature

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