

TRANSCO NETWORK CODE MODIFICATION PROPOSAL No. 0524
"Shipper Responsibilities in the Event of the Appointment of a Supplier of Last Resort"
Version 2.0

Date: 14/01/2002

Proposed Implementation Date: 01/03/2002

Urgency: Non-Urgent

Justification

In the event that it is necessary to appoint a supplier of last resort(SOLR) the current drafting of the Network Code does not make any specific provision for obligations in respect of energy balancing and transportation charges.

Nature of Proposal

Under Ofgem's arrangements to appoint a SOLR, only Suppliers with appropriate shipping arrangements are eligible for appointment. It is proposed that all responsibility for energy balancing and transportation will transfer to the User shipping for the appointed Supplier with effect from the date of their appointment as an SOLR. From this date the User will incur energy balancing and transportation charges in respect of the portfolio of the failed Supplier. However, in this situation the new User may not have access to the details of the portfolio until the transfer of all supply points is completed.

In order to manage this interim position, between the date of appointment as SOLR and the completion of the portfolio transfer, it is proposed that Transco will act as agent for the terminated portfolio on behalf of the new User, which will be responsible for securing gas to supply the portfolio by trading gas at the NBP with the terminated account. Quantities will be determined from estimates of DM load and the NDM allocation, as revised each day, and will be provided by Transco to the new User on a best endeavours basis whereby Transco will not be responsible for any difference between actual consumption and the estimate provided.

When the formal transfer of the portfolio has taken place, Transco will recover any imbalance costs incurred during the interim period from the new User. Any reconciliation amounts applying to the portfolio from the appointment date will accrue to the new User.

Purpose of Proposal

This proposal will ensure that the gas consumed by customers within the portfolio of a failed Supplier is correctly provided for and that financial responsibility for energy balancing and the provision of transportation services can be allocated to the new Shipper from the date of appointment of a SOLR.

Consequence of not making this change

There will be no clear financial responsibility for shipping obligations in the event of a SOLR being appointed. In addition there will be a period between the date of appointment and the completion of the portfolio transfer where the charges associated with energy balancing for the portfolio will continue to accrue to the community through smeared charges. Furthermore charges incurred in relation to the provision of all transportation services will continue to accrue.

Area of Network Code Concerned

Section G.

Proposer's Representative

Julian R Majdanski (Transco)

Proposer

Tim M Davis (Transco)

Signature

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