

## **NETWORK CODE MODIFICATION PROPOSAL No. 0478**

"Re-instating Interruptible capacity Within Day"

**Date:** 12<sup>th</sup> July 2001

**Proposed Implementation Date:** ASAP

**Proposed Urgency:**

### **Justification**

There have been occasions where interruptible capacity has been scaled, and then later in the day it has become apparent that this was not or is no longer necessary. At present Transco do not upwardly adjust the "interruptible curtailment factor" which has effected the efficient and economic operation of the system.

Due to the difficulties Transco faces in correctly estimating the required interruptible curtailment factor and changes that occur within day, this proposal will allow Transco to adjust the curtailment factor back up when it becomes apparent that there is spare capacity available.

This modification should also benefit security of supply as the lack of interruptible capacity and the low utilisation of firm capacity lead to very low linepack levels and increases in prices of about 4p/therm on the 24<sup>th</sup> and 26<sup>th</sup> June 2001.

### **History**

Prior to the implementation of Modification 416 "Charging for Interruptible Capacity" on 1<sup>st</sup> December 2000, interruptible capacity holders were not charged for capacity that was scaled, so that Users only paid for the capacity that was allocated. The modification revised this so that Users paid for their capacity regardless of whether any capacity was allocated after interruption.

Originally the decision for not paying for scaled capacity was made in preference to scaling interruptible back up, as once interruptible had been scaled Shippers may have made alternative arrangements and no longer require the capacity. Since capacity is now paid for regardless of whether any is allocated there is no longer any reason why interruptible capacity should not be reinstated.

### **Purpose of Proposal**

To re-instate interruptible capacity when it is no longer necessary to curtail, to help promote the efficient and economic operation of the system.

### **Nature of Proposal**

To allow Transco to adjust the interruptible curtailment factor during the gas flow day to re-instate interruptible capacity. Notice would be given by a "restoration of

interruptible capacity notice" giving the new interruptible curtailment factor. A User's Interruptible System Entry Capacity allocation for the day would still be determined via the mechanism detailed in B2.10.3

### **Relevant Objectives**

Reinstating interruptible capacity where it is no longer necessary to interrupt will

- (i) increase the efficient and economic operation of the system by allowing spare capacity to be utilised through the use of interruptible capacity and
- (ii) aid competition between relevant Shippers by allowing holders of Interruptible capacity to utilise capacity bought where it becomes efficient to do so and thus compete in the gas market by beaching gas at a competitive rate.

### **Consequence of not making this change**

Shippers will continue to be unnecessarily interrupted forcing them to buy within day firm where available. This will have an adverse effect on both the security of the system where firm capacity is not being utilised but interruptible holders are being unable to beach their gas, and the consequential threat to competition in the gas market by Users hoarding firm capacity while other Users are being restricted from using the system.

### **Area of Network Code Concerned**

Section B2.10

### **Proposer's Representative**

Katy Bron

**Proposer:** Katy Bron

**Position:** Operations Administrator

**Company:** Cinergy Global Trading

### **Signature**