

SHORT TITLE: Reinstatement of non-Rough entry capacity regime on an annual basis for 1999 / 00

DATE: 14/09/99 **PROPOSED IMPLEMENTATION DATE:** 16/09/99

URGENCY: Urgent

JUSTIFICATION OF URGENT STATUS:

This Modification proposal has been raised to ensure that gas within non-Rough Storage facilities, particularly at Hornsea, Hatfield Moors and LNG storage facilities are able to get to market, preventing them becoming stranded assets on critical days and thus aiding system security.

This Modification proposal would utilise the existing capacity regime (prior to Modification 350) to ensure that storage customers are able to get their firm capacity entitlement. Such capacity would offset the availability of daily capacity that Transco would be able to sell through the auctions.

This Modification is aimed at overcoming transitional problems.

NATURE OF PROPOSAL:

For non-Rough storage facilities, reinstate the annual booking process, at the published Transco Gas Transportation Charges from 01/10/99.

Any un-utilised “non-Rough” storage entry capacity is made available by Transco as interruptible (UioLi) entry capacity on D - 1.

This would facilitate the incorporation of Hornsea within the proposed trial of THREAD from 01/04/2000 and permit LNG entry capacity to be reviewed through the LNG review.

This proposal also applies to other system entry points not sold by the monthly LTF capacity auctions.

PURPOSE OF PROPOSAL:

The sale by auction of Hornsea storage capacity for 1999 / 00 was fully subscribed. 195GWh of deliverability has been sold and can reasonably be expected to export at full rate during this winter. Under Modifications 314 and 350, there was no ability for holders of Hornsea storage capacity to acquire long term (monthly) entry capacity. Instead, Hornsea capacity would be available on a daily firm and interruptible basis, but without any guarantee over capacity being made available on a particular day, or the price required to be paid to get this capacity. This situation similarly applies to shippers with other non-Rough storage bookings.

This Modification proposes to reinstate the pre Modification 350 entry capacity regime as a transitional arrangement for non LTF auctioned entry points. Any un-utilised capacity would be available to Transco to sell as Daily Interruptible capacity.

CONSEQUENCE OF NOT MAKING THIS CHANGE:

Shippers who booked non-Rough storage services to meet their customers peak requirements for 1999 / 00 will not be guaranteed the ability to bring their gas to market, or at a price that can be determined in advance or controlled. This fundamentally undermines the basis on which storage services were sold and Hornsea storage capacity was auctioned. It also undermines the value of the inherent flexibility of the storage facility, effectively discriminating against holders of non-Rough storage capacity compared to those at Rough or holders of beach swing contracts who can purchase their capacity requirements in advance at a known price. As a consequence, this may reduce the peak deliverability made available to the System, jeopardising efficient and economic use of the Transco network. It fundamentally undermines the Supplier Licence condition to meet 1:20 deliverability criteria for Domestic customers. Finally, unnecessary working practices will be adopted within the industry to cope with additional daily auctions.

AREA OF NETWORK CODE CONCERNED:

Section B: System Use and Capacity

Reinstate and renumber the deleted B2 applying it only to non-Rough storage facilities.

IDENTITY OF PROPOSER'S REPRESENTATIVE: Mark Dalton

PROPOSER: Mike O'Sullivan

SIGNATURE:

POSITION: Head of Energy Trading

COMPANY: Yorkshire Energy

MODIFICATION PANEL SECRETARY'S USE ONLY

Reference: 0358

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