

**TRANSCO NETWORK CODE MODIFICATION PROPOSAL No.0360**

**SHORT TITLE:** Revised Proposal to amend the booking rules for an Interruptible Firm Allowance.

**DATE:** 23 September 1999      **PROPOSED IMPLEMENTATION DATE:** As soon as possible.

**URGENCY:** Urgent

**JUSTIFICATION OF URGENT STATUS:**

Urgent status is requested for this proposal in order that it can be considered alongside Modification 0324, which is currently awaiting direction by Ofgem, and be capable of implementation by 1 October when Interruptible Firm Allowances are due to be renewed.

**NATURE OF PROPOSAL:**

The Interruptible Firm Allowance (IFA) is a mechanism which allows shippers with Interruptible sites to obtain some firm capacity (maximum 30% SOQ). Under the current rules for the service all IFAs terminate on 30 September each year and shippers are charged in advance for twelve months firm capacity, irrespective of the date when the IFA was taken out. For example, for an IFA taken out in January, the shipper would pay for twelve months capacity but only benefit from the service for nine months.

Modification 0324 was raised to amend the booking rules for an IFA and proposed that they should run for a complete twelve months and not automatically terminate on 30 September. However, in representations received on this proposal, and subsequent assessment by Transco, it became apparent that this could result in additional administrative complexity and that the aims of the proposal could be achieved through a simpler method.

This modification proposal therefore suggests that IFAs should continue to expire on 30 September each year. Shippers will receive a single invoice for capacity charges which will be raised when the IFA is taken out. However, rather than paying for twelve months capacity, the shipper will pay capacity charges for the number of days remaining until 30 September. Therefore, for an IFA taken out on 1 January 2000, 274 days of capacity (nine months) will be charged. Where a change in transportation charges takes place during the year no adjustments will be made retrospectively to the charges originally levied.

**PURPOSE OF PROPOSAL:**

The current arrangements are not cost reflective and potentially disadvantage shippers that do not take out an IFA with effect from 1 October. This proposal aims to improve equitability between all relevant shippers and is therefore expected to better facilitate competition.

Transco considers that this proposal amends the IFA service with a minimal degree of additional administrative complexity and will therefore be a cost effective solution for both Transco and shippers.

**CONSEQUENCE OF NOT MAKING THIS CHANGE:**

If this proposal is not implemented current arrangements will continue and shippers that do not apply for IFAs with effect from 1 October will continue to pay a premium for this service compared to other shippers.

**AREA OF NETWORK CODE CONCERNED:**

Section G 1.15

**IDENTITY OF PROPOSER'S REPRESENTATIVE:**

Chris Bradley

**PROPOSER :** Tim Davis

**SIGNATURE:**

**POSITION:** Manager, Network Code

**COMPANY:** Transco

**MODIFICATION PANEL SECRETARY'S USE ONLY**

Reference Number: 0360

Date Received: 23/09/1999