

DGT

Modification Report
Modification Reference Number - 0022
VLDMC Exit Point Flexibility Bids

This modification report is made pursuant to Rule 8.12 of the Modification Rules and follows the format required under Rule 8.12.4.

1. The Modification Proposal:

This modification will raise the number of outstanding System Exit Buys or System Exit Sells for any Day from one to four, in respect of VLDMC Flexibility Eligible System Exit Points from 1st July 1996.

2. Text provided pursuant to Rule 8.14:

Principal Document

Amend Section D2.3.4 as follows:

- (1) Replace "one Flexibility Bid" in lines 1 and 2 by the "relevant number of Flexibility Bids";
- (2) Insert at the end of the Section:

",where the relevant number is four in the case of a VLDMC Supply Point Component and one in the case of any other Flexibility Eligible System Exit Point".

3. TransCo's opinion:

This modification would improve the liquidity of the flexibility mechanism and better reflects the degree of flexibility available at these system points.

4. Extent to which the modification would better facilitate the relevant objectives:

System balancing is aided by allowing additional bids on the Flexibility Mechanism, thus increasing the number of operational options and price variations.

5. The implications for TransCo of implementing the Modification Proposal, including:

a) implications for the operation of System and any BG Storage Facility:

None

b) development and capital cost and operating cost implications

None

c) extent to which it is appropriate for TransCo to recover the costs, and proposal for the most appropriate way for TransCo to recover the costs;

It is not TransCo's intention to recover any costs that are incurred with respect to this modification.

d) analysis of the consequences (if any) this proposal would have on price regulation;

TransCo is not aware of any impacts on price regulation.

6. The consequence of implementing the Modification Proposal on the level of contractual risk to TransCo under the Network Code as modified by the Modification Proposal;

TransCo is not aware of any consequence's on the level of contractual risks arising from this modification.

7. The development implications and other implications for computer systems of TransCo and related computer systems of Relevant Shippers;

Minor system changes will be needed to ensure that the modification is implemented.

8. The implications of implementing the modification for Relevant Shippers

Shippers with VLDMC exit points will be able to offer additional flexibility to help system balancing.

9. The implications of implementing of the modification for terminal operators, suppliers, producers and, any Non-Network Code Party;

Power Station Operators may be impacted by the acceptance of further demand side flexibility bids.

10. Consequences on the legislative and regulatory obligations and contractual relationships of TransCo and each Relevant Shipper and Non-Network Code Party (if any), of the implementation of the Modification Proposal;

TransCo has not been informed of any consequences of the legislation and regulatory obligations and contractual relationships of implementing this proposed modification.

11. Analysis of any advantages or disadvantages of the implementation of the Modification Proposal;

This modification will benefit system operations by allowing further VLDMC Flexibility Bids in accordance with Power Station Flexibility.

12. Summary of the representations (to the extent that the importance of these representations are not reflected elsewhere in the modification report:

The proposal submitted by ENRON Capital and Trade Resources Limited received support from the HSE and unanimous support from the modification panel, 23rd May 1996.

13. The extent to which the implementation is required to enable TransCo to facilitate compliance with safety or other legislation:

This modification is not required to facilitate compliance with safety or other legislation.

14. Having regard to any proposed change in the methodology established under Standard Condition 3(5) or the statement: furnished by TransCo under Standard Condition 3(1) of the Licence:

The modification is not required to comply with the above clause.

15. Programme of works required as a consequence of the implementation of the Modification Proposal:

Minor system changes are envisaged prior to implementation.

16. Proposed implementation timetable:

Subject to Shipper representations, it is proposed to implement this modification from 1st July 1996.

17. Recommendation for the implementation of the modification:

It is recommended that this modification is implemented on 1st July 1996.

18. Restrictive Trade Practices Act

If implemented this proposal will constitute an amendment to the Network Code. Accordingly the proposal is subject to the Suspense Clause set out in the attached Annex.

19. TransCo Proposal

This Modification Report contains TransCo's proposal to modify the Network Code which TransCo has already received a direction from the Director General to make in accordance with this report.

Signed for and on behalf of British Gas TransCo.

Signature:



Date: 24/05/96

Name: Chris Train

Position: Energy Balancing Manager

Director General of Gas Supply Response

In accordance with Condition 7 (10) (b) of the Standard Conditions of Public Gas Transporters' Licences dated 21st February 1996 I hereby direct British Gas TransCo that the above proposal be made as a modification to the Network Code.

Signed for and on behalf of the Director General of Gas Supply.

Signature:

Date:

Name:

Position:

ANNEX 1

Any provision contained in this Agreement or in any arrangement of which this Agreement forms part by virtue of which this Agreement or such arrangement is subject to registration under the Restrictive Trade Practices Act 1976, shall not come into effect:

- (i) if a copy of the Agreement is not provided to the Director General of Gas Supply ("**the Director**") within 28 days of the date on which the Agreement is made; or
- (ii) if within 28 days of the provision of the copy, the Director gives notice in writing, to the party providing it, that he does not approve the Agreement because it does not satisfy the criterion specified in paragraph (2)3 of the Schedule to the Restrictive Trade Practices (Gas Conveyance and Storage) Order 1996;

provided that if the Director does not approve the Agreement as aforesaid then the following clause shall apply:

Any provision contained in this Agreement or in any arrangement of which this Agreement forms part by virtue of which this Agreement or such arrangement is subject to registration under the Restrictive Trade Practices Act 1976 shall not come into effect until the day following the date on which particulars of this Agreement and of any such arrangement have been furnished to the Office of Fair Trading under Section 24 of the Act (or on such later date as may be provided for in relation to any such provision) and the parties hereto agree to furnish such particulars within three months of the date of this Agreement.