

Final Modification Report
Modification Reference Number 301

This Modification Report is made pursuant to Rule 7.3 of the Modification Rules and follows the format required under Rule 8.9.3.

1. The Modification Proposal:

The proposal is to increase the number of maximum tranches that are allowed in a partial interruption agreement from five to nine.

2. Transco's opinion:

This proposal will have a benefit for all the parties normally involved with interruption. It gives the current partial interruption service more flexibility. Transco, shippers and gas consumers can all benefit from this flexibility because it can enable a reduced level of interruption to be called by Transco. This may also lead to increased use of the partial interruption service.

This Modification will also mean that the partial interruption arrangements that are currently in place at the interconnectors will be mirrored at supply points.

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

Since this modification should help to reduce the actual level of Transco interruption on the network, it will aid the efficient and economic operation of the pipeline system.

4. The implications for Transco of implementing the Modification Proposal, including:

a) implications for the operation of the System:

Increased use of the partial interruption facility service should make the operation of the system, on days when Transco interruption is called, more efficient

b) development and capital cost and operating cost implications:

This proposal will not lead to any additional costs.

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:

The administration charge for a partial interruption service will remain unchanged. (The current charge is nil).

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

No impact is anticipated.

5. **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:**

This modification will have no impact on the level of contractual risk under the Network Code.

6. **The development implications and other implications for computer systems of Transco and related computer systems of Users:**

The computer functionality required for this Modification is already in place.

7. **The implications of implementing the Modification Proposal for Users:**

This Modification should enable Users to manage their interruptible portfolios in a more efficient manner and reduce the total volume of interruption called by Transco.

8. **The implications of implementing the Modification Proposal for Terminal Operators, Consumers, Connected System Operators, Storage Operators, suppliers, producers and, any Non-Network Code Party:**

This modification is expected to be of benefit to gas consumers at interruptible supply points because it should allow them to keep some processes using gas whilst the rest of the site is interrupted.

It is not anticipated that any other Non-Network Code party will be significantly affected by the Modification.

9. **Consequences on the legislative and regulatory obligations and contractual relationships of Transco and each User and Non-Network Code Party of implementing the Modification Proposal:**

This modification will have no effect on this area.

10. **Analysis of any advantages or disadvantages of implementation of the Modification Proposal:**

This proposal, if it is implemented and the resulting nine tranche service is utilised, will improve the level of efficiency associated with Transco interruption, by reducing the volume of interruption on the system.

If this modification is not implemented then the inconsistency that exists between interconnectors and supply points will continue.

11. **Summary of the Representations (to the extent that the import of those representations are not reflected elsewhere in the Modification Report):**
Representations have been received from BGT, BP Gas, EIUG, Mobil Gas Marketing, Scottish Hydro-Electric, Shell Gas Direct and United Gas Services Ltd. All the representations were in favor of the modification being implemented, except for Scottish Hydro-Electric.

Scottish Hydro-Electric is supportive of the principles behind the modification and agrees that the modification will provide greater flexibility for shippers and consumers. It is concerned, however, that shared supply meter points (SSMPs) with interruptible supply points registered to different users will not be eligible for the partial interruption service.

EIUG urged Ofgas and Transco to implement the modification as soon as possible.

Transco Response:

Transco considers that the issue of SSMPs with multiple shippers is separate from this modification. The reason why SSMPs with multiple shippers are prevented from having a partial interruption service is due to potential difficulties with administering the interruption and monitoring compliance. The partial interruption service has been operating for over 12 months and it would therefore appear to be a natural development of the service to enable SSMPs to have partial interruption. Transco will investigate the implications of doing this as a part of the review of interruption and may propose a further modification to the Network Code in the future.

12. **The extent to which the implementation is required to enable Transco to facilitate compliance with safety or other legislation:**
This modification will have no significant impact upon Transco's compliance with safety or other legislation.
13. **The extent to which the implementation is required having regard to any proposed change in the methodology established under Standard Condition 3(5) of the statement; furnished by Transco under Standard Condition 3(1) of the Licence:**
None.
14. **Programme of works required as a consequence of implementing the Modification Proposal:**
There are no works required. Transco can receive applications for a nine tranche partial interruption service immediately following implementation.
15. **Proposed implementation timetable (inc. timetable for any necessary information systems changes):**
Implementation can take place at any time. There are no system changes required.

16. **Recommendation concerning the implementation of the Modification Proposal:**
Transco recommends that the Modification should be implemented as soon as possible.

17. **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.

18. **Transco's Proposal:**

This Modification Report contains Transco's proposal to modify the Network Code and Transco now seeks direction from the Director General in accordance with this report.

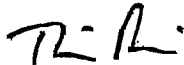
19. **Text:**

Section G6.10.2 (i) shall be changed to read:

"the User shall specify the number of Tranches which it requires at the Supply Point, such number shall not exceed 9;"

Signed for and on behalf of Transco.

Signature:



Tim Davis
Manager, Network Code

Date: 19.1.99

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 Transco that the above proposal (as contained in Modification Report Reference 0301, version 1 dated 19/01/99 be made as a modification to the Network Code.

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

Signature:



SHAUN DAY, HEAD OF TRANSPORTATION PRICING

Director of Transportation Regulation

Date: 27/1/99.

The Network Code is hereby modified, with effect from 01/02/99, in accordance with the proposal as set out in this Modification Report, version 1.

Signature: 

 Process Manager - Network Code
Transco

Date: 29/1/99.

ANNEX

Restrictive Trade Practices Act - Suspense Clause

For the purposes of the Restrictive Trade Practices Act 1976, this document forms part of the Agreement relating to the Network Code which has been exempted from the Act pursuant to the provisions of the Restrictive Trade Practices (Gas Conveyance and Storage) Order 1996. Additional information inserted into the document since the previous version constitutes a variation of the Agreement and as such, this document must contain the following suspense clause.

1. Suspense Clause

- 1.1 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 so approve the Agreement then Clause 1.2 shall apply.

- 1.2 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.

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