

99/03/10/02



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Solihull
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Direct Dial: 0171-932-1674

08 March 1999

Your Ref: Mod 306

Our Ref : Mod 306

Dear Karen,

Re Mod 306 – Amendment to operation of daily capacity auctions

Further to my fax of today, please find enclosed a copy of Ofgas' signed acceptance of the modification.

Should you have any queries regarding this modification, please do not hesitate to contact me.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Amrik Bal".

Amrik Bal
Manager, Transportation



Urgent Modification Proposal 0306.
Decision
Amendments to Operation of Daily Capacity Auctions

17 May 1999

Present Position

Modification 0273, further augmented by modification 0295 introduced daily auctions of entry capacity. Shippers can bid for either "daily firm" or "secondary capacity". The former is a firm entitlement to flow gas. The latter is capacity which has been booked by a shipper but remains unused. Any subsequent purchaser of this secondary capacity is subject to a "scaling back" process should the original capacity holder wish to have access to all or part of this capacity.

Bids for both types of capacity must be made by 13:00 hours on a day ahead basis only.

These auctions are in addition to booking annual entry capacity.

Proposal

This modification proposes to implement the following three amendments to the operation of daily capacity auctions:

- (a) The timeslot for entering bids for entry capacity at the day ahead level is to run from 06:00 to 13:00 hours. This seeks to give shippers more flexibility when trading gas on the NTS;
- (b) Transco is to issue ANS messages for initial allocations and in the event of any subsequent scaling back of allocated secondary capacity. This would ensure that all allocations can be readily identified and actioned; and
- (c) Transco is to allow bids to be made for future gas days, up to seven days in advance. This aims to increase activity in the market.

It is proposed that these amendments are to be implemented in two phases:

1. Amendments (a) and (b) are to be implemented between 17 May 1999 and 31 May 1999 via improvements to the Lotus Notes system; and
2. Points (a), (b) and (c) will all run on AT-Link from 1 June 1999 onwards.

Possible Impact on Customers

There should be no direct impact on customers.

Ofgas' Decision

Ofgas accepts the implementation of modification 0306. It is seen that this will help facilitate competition and increase the economic and efficient use of the NTS by developing on the additional entry capacity services introduced by modification 0273.

Further Information

The Transco contact is Dominic Harrison on (0121) 623 2149
The Ofgas contact is Amrik Bal on (0171) 932 1674