

Draft Modification Report
Modification Reference Number 0316
Revision of Booking Rules for DM NTS Exit Capacity

This draft 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:

“ Firstly, the proposer considers that on the current snapshot date of the 8th of each month Transco already knows of any changes in supply point capacity which will be effective by the 15th of each month. Therefore it is proposed that the snapshot should be based on a forward view of supply point capacity effective from the 15th of each month, rather than on supply point capacity held on the snapshot date. Secondly, it is proposed that the snapshot date, currently 8th of each month, is brought closer to the effective date of the 15th of each month, since there does not appear to be justification for why Transco requires 7 days notice for the capacity bookings to be implemented on AT-LINK. This would require amendment to Clause 3.7.3 of Network Code.”

2. Transco's opinion:

In respect of the proposal to bring forward the “snapshot date” from the 8th of each month to a date closer to the effective date of the 15th of each month, Transco believes this is achievable and follows recent improvements to the processes used and proposed system upgrades. Transco believes the booking window could be reduced by two days. This would give a revised “snapshot date” of the 10th of each month.

In respect of the proposal to take a forward view of supply point capacity effective on the 15th of each month, rather than on supply point capacity held on the snapshot date (the 8th), Transco believes that this would be of limited benefit, for two reasons. Firstly, there are very few changes (typically two per month) within all the firm DM sites during the capacity booking window of the 8th to the 15th. Secondly, it would ignore those capacity changes that are made effective after the snapshot date and up to the 15th (e.g. ratchets). In addition, this proposal would warrant the need to interrogate the Sites and Meters database to meter point level to gain the necessary information (currently confirmation numbers are used) which would significantly increase the level of workload. Therefore, Transco sees little merit in this part of the proposal and believes it would be outweighed by the increase in complexity and workload.

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

The proposals would improve the accuracy of the DM exit capacity bookings undertaken by Transco on behalf of shippers, which would improve both the targeting of NTS capacity invoices and Transco’s assessment of the levels of exit capacity held

by shippers. This could help further the efficient and economic operation of the system.

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

a) **implications for the operation of the System:**

Transco is not aware of any such implications.

b) **development and capital cost and operating cost implications:**

The reduction in the capacity booking window from four working days to two working days is achievable due to system improvements implemented as part of ongoing developments.

The forward-looking view of shippers' capacity holdings would require the development and introduction of a new systems report at a projected cost of £25,000 , and an increase in ongoing workload of five man days per month at a cost of £10,000 per annum.

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 DM Exit capacity booking process is a Network Code requirement placed on Transco and is undertaken for all shippers. The costs are included within the transportation formula and there will be no specific charges introduced.

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

No such consequences are envisaged.

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:**

The reduction in the capacity booking window from four to two working days may increase the level of risk associated with the booking of shippers' DM exit capacity in time for the 15th of each month and removes any allowance for slippage for unforeseen circumstances, such as failures to the Business Objects system.

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

The reduction in the capacity booking window from four working days to two working days will involve automation of the process used for extracting data from Transco's Unique Sites database (made viable by the introduction of the new CPM Unique Sites Database) and automation of data input to AT Link.

The forward-looking view of shippers' capacity holdings would require the development and introduction of a new Business Objects report.

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

Users will benefit from NTS capacity invoices based on a closer representation of the levels of DM exit capacity booked.

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:**

The proposals may reduce the number of invoices received by consumers relating to capacity charges incurred by the previous shipper following a shipper-shipper transfer.

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:**

Transco is not aware of any such consequences.

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

Advantages (if implemented in full) :

- More accurate booking of NTS exit capacity
- Improves targeting of NTS capacity invoices
- Reduces risk of "double charging" of NTS capacity (arising from sites moving from DM to NDM)

Disadvantages (if implemented in full) :

- Would not take account of capacity changes that are made effective after the snapshot date and up to the 15th (e.g. ratchets).

As the number of capacity changes between the 8th and the 15th has been only two per month, the benefits would be minor.
The 'forward looking' view would introduce a greater level of workload and complexity.
The reduction in the booking window would allow less time for the booking process and would remove any allowance for slippage.

11. Summary of the Representations (to the extent that the import of those representations are not reflected elsewhere in the Modification Report):

Representations on the draft modification report are now sought as part of the consultation.

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

Implementation is not required to facilitate 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:

Implementation is not required as a consequence of 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:

14. Programme of works required as a consequence of implementing the Modification Proposal:

There are no modifications required to the UK-Link Systems and therefore a programme of works will not be required as a result of implementing the Modification Proposal.

15. Proposed implementation timetable (inc timetable for any necessary information systems changes):

Subject to the outcome of the consultation and a decision from Ofgas :

1. With respect to the reduction in the booking window, and subject to successful implementation of the necessary database changes, the booking window could be reduced to two working days from early September.
2. With respect to the "forward looking" approach, due to the need to develop a new Business Objects report and accompanying system changes, implementation would be expected to be in late October 1999.

16. Recommendation concerning the implementation of the Modification Proposal:

Transco believes that part of the modification, that of the reduction in the capacity booking window, is achievable and could be reduced from four to two working days. Transco, however, believes that modifying the capacity booking process to a “forward-looking” view would introduce a significant increase in complexity and workload for little benefit and does not support this part of the proposal.

17. Text :

To follow at final report, as the legal text is subject to the outcome of consultation.

Representations are now sought in respect of this Draft Report and prior to Transco finalising the Report.

Signed for and on behalf of Transco.

Signature:



Tim Davis
Manager, Network Code

Date: 8/7/99