

URGENT MODIFICATION PROPOSAL

TITLE: *Termination of Non Domestic AQ and EUC Review*

DATE: 10 March 1999

PROPOSED IMPLEMENTATION DATE: Immediate Effect

TYPE: Urgent

JUSTIFICATION: The modification is urgently required to prevent further unnecessary work on the 1999 Non Domestic review.

- The annual review delivers very little benefit and imposes both a large workload and an unacceptable commercial risk on suppliers.
- Implementing all AQ and EUC changes on one date in itself represents an unnecessary risk to suppliers.
- The process currently defined is geared to acceptance of Transco's data and Transco's calculations by default unless the supplier can prove Transco is wrong.
- In both reviews so far Transco have applied the wrong calculation as a result of programming error. This year because of the withdrawal of the stand alone AQ calculator and Transco's failure to specify precisely the calculations they will be applying it is virtually impossible for suppliers to check the correctness of the programs independently.

The current process whereby AQs can be changed (subject to appeal) without the consent of all parties can produce results which have the effect of limiting competition. The uncertainty faced by potential incoming suppliers is likely to result, in an efficient market, in risk premiums which the incumbent shipper can avoid. Thus potential suppliers' bids will be uncompetitive and customers' choice will be limited.

NATURE AND PURPOSE OF MODIFICATION PROPOSAL: To halt the 1999 Non Domestic AQ and EUC review pending the development of an alternative process.

FURTHERING RELEVANT OBJECTIVES:

Halting the current process will enable effort to be focused on defining a better process, an objective shared by many shippers.

AREA OF NETWORK CODE CONCERNED:

Sections G, H, E and Transition document.

CONSEQUENCE OF NOT MAKING THIS CHANGE

The currently defined process, with the problems described above, will be implemented. This would have the additional disadvantage of distracting attention from defining a better process for the future.

ORGANISATION: The Gas Light and Coke Company Ltd.

PROPOSER: Rodger Evans

PROPOSER'S REPRESENTATIVE: David Smith

Ref: 0320 -

Received 100399.