

**TRANSCO NETWORK CODE MODIFICATION PROPOSAL No. 0363**

**SHORT TITLE:** Capacity Transfers to ASEPs without Monthly System Entry Capacity

**DATE:** 15/10/99

**PROPOSED IMPLEMENTATION DATE:** 1 November 1999

**URGENCY:** Urgent

**JUSTIFICATION OF URGENT STATUS:**

Shippers that supported modification proposal 0358 indicated that they wish to secure monthly capacity entitlements at ASEPs where no Monthly System Entry Capacity has been previously made available. This proposal facilitates the transfer of capacity entitlements to such non-MSEC ASEPs. This facility is required prior to the winter period (i.e. before 1 November) so this proposal should be treated as urgent.

**NATURE OF PROPOSAL:**

This proposal will permit shippers to transfer a monthly capacity holding from one ASEP to another related non-MSEC ASEP. The process will be as follows:

A shipper will offer to surrender a monthly capacity entitlement for an ASEP to Transco at zero price. A Capacity Surrender offer (Day Ahead Buy-back) will be entered by Transco on behalf of the shipper into the appropriate daily capacity surrender auction at zero price. Transco will enter a Daily System Entry Capacity (buy) bid for a corresponding amount of capacity at the requested (non-MSEC) ASEP at a fixed price of zero. The DSEC fixed price auction will be processed to allocate the requested Daily System Entry Capacity to the shipper.

The capacity surrender and purchase transactions will appear as invoice items at zero charge. The zero price transactions ensure that the revenue share mechanism is not affected. The surrender of capacity at the related ASEP means that the overall risk of curtailment of capacity is unaffected. The capacity allocated under this transfer will be classified as Daily System Entry Capacity and is subject to a rebate payment if scaled back under a Firm Curtailment Factor. The transferred capacity will not entitle the holder to any revenue or cost share at the non-MSEC ASEP.

This process will only allow a capacity transfer to those ASEPs where no Monthly System Entry Capacity has been previously offered. The related ASEPs that may be considered for capacity transfers are; St Fergus to Glenmavis LNG, Barrow to Partington LNG, Barrow to Burton Point, Teesside to Hornsea, Teesside to Hatfield Moor, Easington to Hornsea, Easington to Hatfield Moor, Theddlethorpe to Hornsea,

Theddlethorpe to Hatfield Moor, Bacton to Isle of Grain LNG, Bacton to Wytch Farm, Bacton to Avonmouth LNG, Bacton to Dynevor Arms LNG. The amount of capacity that may be transferred between ASEPs will be subject to limitations dependent on System capability.

This process will only permit a surrender of whole month branches of capacity between the two specified ASEPs.

**PURPOSE OF PROPOSAL:**

Shippers who wish to ensure that they can secure capacity entitlements for every day in a month at ASEPs where no such capacity services were available in the MSEC auctions may surrender monthly capacity entitlements for an associated ASEP and be guaranteed an allocation of daily capacity at the chosen ASEP. This will reduce the price risk that the shipper is exposed to in securing daily capacity. The reduction in uncertainty will allow better planning of a shippers supply portfolio and may reduce the risk of extreme prices being passed through to consumers.

**CONSEQUENCE OF NOT MAKING THIS CHANGE:**

Shippers will only be able to secure capacity services for non-MSEC sites through the D-1 auction process and will continue to be subject to availability and price uncertainty. This may restrict the availability of storage gas for within day flexibility and contribute to higher balancing costs.

**AREA OF NETWORK CODE CONCERNED:**

Section B2

**IDENTITY OF PROPOSERS REPRESENTATIVE:**

**PROPOSER:** FRED ATTWATER

**SIGNATURE:**

**POSITION:** Gas Transportation Manager

**COMPANY:** ScottishPower

**MODIFICATION PANEL SECRETARY'S USE ONLY**

Reference Number: 0363

Date Received: 15/10/99