Modification Report
Change Renomination Start Time
Modification Reference Number 0438
Version 2.0

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

To change the Renomination Start Time from 18:00 hours on D-1 to 17:30 on D-1.

2. Transco's Opinion

Transco recognises that the scheduling processes can now be completed within a shorter timescale to that currently set out within the Network Code and on the basis that bringing forward the renomination start time could afford greater flexibility to Shippers, Transco would be prepared to support the proposal.

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

The proposer argues that an earlier renomination start time "would result in a more efficient use of resources across the whole shipper community" as Shippers would have the opportunity to amend their gas flow positions at the earliest possible opportunity. This could also facilitate competition between Shippers as more time would be available to resolve any remaining balancing issues.

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

a) implications for the operation of the System:

Transco would be required to complete scheduling by 17 :30 hours on D-1

b) development and capital cost and operating cost implications:

Any development, capital and operating costs associated with this proposal are anticipated to be minimal as the system change is limited to an AT -Link parameter value.

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 system costs would be recovered from the budget for system development. No changes to operating costs are anticipated.

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

Costs of system development would be met from allowed revenues for such purposes.

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

It is not anticipated that there will be a change to the level of contractual risk to Transco as a consequence of this proposal.

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

Implementation of this proposal would require a change to a parameter in Transco's AT -Link system. Transco is unaware of any impact this proposal would have on the computer systems of Users.

7. The implications of implementing the Modification Proposal for Users

Users would be able to make renominations to their gas flows from 17:30 hours on D-1.

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

It is not anticipated that there would be any implications on the above parties

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

No consequences on the legislative and regulatory and contractual relationships of Transco and each User and Non-Network Code Party are anticipated as a result of the implementation of this proposal.

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

Advantages:
The change to the renomination start time would allow Shippers to take advantage of Transco's improved gas systems and procedures which allow scheduling to be completed by 17:30 hours.

Transco would gain infonnation on gas flow renominations at an earlier stage which may assist in the operation of the system.

Disadvantages:
Implementation of the proposal could potentially require amendments to the nomination processes and computer systems of Users.

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 BP Gas Marketing, British Gas Trading, Powergen, Northern Electric and Gas, Accord Energy and Scottish and Southern Energy. All respondents are in support of the proposal.

Accord Energy, British Gas Trading and Scottish and Southern Energy all urge for the proposal to be implemented as soon as practicable.

Transco Response

Transco welcomes the support for the proposal and acknowledges comments that it should be implemented as soon as possible. In light of this, Transco has assessed the time required to enable the system change to be made and recommends that the proposal is implemented with effect from 21 January 2001.

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) or the statement furnished by Transco under Standard Condition 3(1) of the Licence

Implementation is not 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.

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

Implementation of this proposal would require a minor change to a parameter within the AT-Link system.

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

Transco proposes that, if approved, this Modification Proposal should be implemented with effect from 21 January 2001. Thereafter, Transco would need a minimum of seven days notice to effect the systems changes required by this proposal.

16. Recommendation concerning the implementation of the Modification Proposal

Transco recommends that this proposal is implemented.

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 C: Nominations

1.2 Nomination Timetable

Replace "Renomination Start Time 18:00" with "Renomination Start Time 17:30"

Signed for and on behalf of Transco

Signature:

Tim Davis
Manager, Network Code

Date: 18/12/00

Director General of Gas and Electricity Markets 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 **0438,** version **2.0** dated **15/12/2000**) be made as a modification to the Network Code.

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

Signature:

The Network Code is hereby modified with effect from, in accordance with the proposal as set out in this Modification Report, version **2.0**.

Signature:

Process Manager -Network Code

Transco

Date:

Annex

1. Any provision contained in this Agreement or in any arrangement of which this Agreement forms part by virtue of which The Restrictive Trade Practices Act 1976 ("the RTP A"), had it not been repealed, would apply to this Agreement or such arrangement 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 paragraphs 1(6) or 2(3) of the Schedule to The Restrictive Trade Practices (Gas Conveyance and Storage) Order 1996 ("the Order") as appropriate

provided that if the Director does not so approve the Agreement then Clause 3 shall apply.

2. If the Director does so approve this Agreement in accordance with the terms of the Order (whether such apgroval is actual or deemed by efflux ion of time) any provision contained in this Agreement or in any arrangement of which this Agreement forms part by virtue of which the RTPA, had it not been repealed, would apply this Agreement or such arrangement shall come into full force and effect on the date of such approval.

3. If the Director does not approve this Agreement in accordance with the terms of the Order the parties agree to use their best endeavours to discuss with Ofgem any provision (or provisions) contained in this Agreement by virtue of which the RTP A, had it not been repealed. would apply to this Agreement or any arrangement of which this Agreement forms part with a view to modifying such provision (or provisions) as may be necessary to ensure that the Director would not exercise his right to give notice pursuant to paragraph 1 (5)(d)(ii) QL 2(2)(Q)(ii) of the Order in respect of the Agreement as amended. Such modification having been made, the parties shall provide a copy of the Agreement as modified to the Director pursuant to Clause 1 (i) above for approval in accordance with the terms of the Order.

4. For the purposes of this Clause, "Agreement" includes a variation of or an amendment to an agreement to which any provision of paragraphs 1(1) to (4) in the Schedule to the Order applies.