

## **TRANSCO NETWORK CODE MODIFICATION PROPOSAL No. 0509**

"Tender for Enron's MSEC holdings"

Version 1.0

**Date:** 11/12/2001

**Proposed Implementation Date:** 15/12/2001

**Urgency:** Urgent

### **Justification**

With effect from 6am 1st December 2001 Enron Gas and Petrochemicals Trading Ltd and Enron Capital and Trade Resources Limited (Enron) were terminated as Network Code Users in accordance with Section V4.3.1. As a result, some Monthly system Entry capacity (MSEC) was no longer held by Users. Urgent status is required for this Modification Proposal to enable a changed basis for the sale of this MSEC for the months of January 2002 to March 2002.

In accordance with Network Code provisions, MSEC no longer held by Users is being made available through the Within Day Firm auctions on a daily basis at present, subject to any transferee elections made by any parties that may have procured capacity from Enron on the secondary market. This ensures that the amount of firm capacity implied by implementation of Modification Proposal 0481 continues to be available to Users. This Modification Proposal does not seek to amend the treatment of December MSEC, which will continue as outlined above.

### **Nature of Proposal**

This Modification Proposal specifically seeks to enable the sale via an auction process of the recalled MSEC purchased by Enron for the period January 2002 to March 2002. However, it is intended that the Modification, if implemented, should facilitate a similar process in the event of a shipper termination giving rise to MSEC capacity no longer held by Users.

It is proposed that the auction will be on a similar basis to that defined in the Network Code, Section B2.3.

The process would therefore ensure that the intent of Modification Proposal 0481 remains intact and that any capacity no longer held by Users following any shipper termination is made available to interested parties .

Implementation of this Modification Proposal would ensure the revenue generated from the sale of the recalled capacity for January to March 2002 would be treated as formula revenue, as in the original MSEC process.

## Practical Implementation of Tender of January to March 2002 MSEC

If this Modification proposal is implemented, it is envisaged that an invitation to tender would be issued by Transco, which would ask Users to bid for the associated MSEC.

The tender evaluation would follow the process established in the Network Code for the sale of MSEC. Users will be asked to submit their bids in accordance with Section B2.3.4 and B2.3.5 of the Network Code, although this would be in a paper based format rather than through the RGTA system.

Once the invitation to tender has closed Transco will allocate the available MSEC in accordance with Section B2.3.7, B2.3.8 and B2.3.9 of the Network Code via an offline process. To ensure successful implementation, the allocated capacity would then need to be datafixed into the RGTA system after completion of the process.

The secured MSEC holdings will have the same rights and obligations as if it had been secured during the original auction process.

Once the allocation process has been completed Transco would make the information available in accordance with B2.3.10.

For the available January to March 2002 capacity the tender process is intended to open on 19th December 09:00 and the last time by which bids would be accepted would be 19th December 17:00.

### **Purpose of Proposal**

The Modification Proposal, if implemented, would ensure that the original intent of Modification Proposal 0481 is delivered. It will also ensure capacity is allocated to Users on a non-discriminatory basis, which is likely to be consistent with facilitating competition between Shippers and between Suppliers.

### **Consequence of not making this change**

If the Modification Proposal is not implemented, MSEC not held by Users will be made available in accordance with existing Network Code provisions.

### **Area of Network Code Concerned**

B2.3 / Transitional Document

**Proposer's Representative**

Dominic J Harrison (Transco)

**Proposer**

Nigel K Sisman (Transco)

**Signature**

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