

TRANSCO NETWORK CODE MODIFICATION PROPOSAL No. 0622
"LTSEC for New Entry Points"
Version 1.0

Date: 14/03/2003

Proposed Implementation Date: 01/06/2003

Urgency: Non-Urgent

Justification

The Network Code requires an auction of LTSEC be held in August of each year. In that auction, Quarterly System Entry Capacity would be offered at all ASEPs. Should Modification Proposal 0616 be implemented the LTSEC auctions would be conducted in September of each year.

Transco has recently consulted on the pricing arrangements for three new ASEPs: Welton, Humbly Grove and Milford Haven. Those arrangements require a series of step prices to be established for use in the LTSEC auctions. Transco believes that following publication of the step prices in its Transportation Statement the new ASEPs would be included in the August/September auction. However, Transco considers that the timely connection of new ASEPs to the National Transmission System will promote gas supply security to the UK energy market. This may be best served by establishing Network Code rules that enable System Entry Capacity to be purchased at new ASEPs close to the time at which new step prices are first published. Developers of new ASEPs may then be better placed to plan and develop new facilities without having to wait until August/September for Transco to offer System Entry Capacity.

Nature of Proposal

It is proposed that following first publication of a schedule of step prices for a new Aggregate System Entry Point (ASEP) in Transco's Transportation Statement, a Long Term System Entry Capacity (LTSEC) auction would normally commence within 60 business days. The Network Code will continue to require that a LTSEC auction is held not less than 28 days after Transco has notified Users of the reserve prices and the step prices that will apply in respect of each ASEP. Hence normally a LTSEC auction will be conducted commencing between 28 and 60 business days after the first publication of step prices for a new ASEP and will afford Users the opportunity to purchase capacity at all ASEPs.

However the above requirement might generate LTSEC auctions in quick succession. Thus the extra LTSEC auction triggered by the production of the schedule of step prices for a new ASEP should not take place if such publication occurs within 100 business days of the first day of the month in which the annual LTSEC auctions would take place.

Purpose of Proposal

To enable LTSEC to be offered in respect of new ASEPs at times other than specified in the Network Code for the annual LTSEC auctions.

To seek views to inform a recommendation as to whether LTSEC should be offered at all Aggregate System Entry Points at such time as LTSEC is first offered in respect of a new ASEP.

To seek views to inform a recommendation in respect of whether the 28-60 day window to define the start date of the resulting LTSEC auction following the publication of a schedule of step prices for a new ASEP is appropriate.

To seek views to inform a recommendation as to whether the 100 day window associated with not conducting an extra LTSEC auction is appropriate.

Consequence of not making this change

Auctions for LTSEC will be held in August/September of each year. This limitation may frustrate the timely connection of new Aggregate System Entry Points with consequent risks in respect of gas supply security.

Area of Network Code Concerned

Section B, Chapter 2

Proposer's Representative

Nigel K Sisman (Transco)

Proposer

Mike Calviou (Transco)

Signature

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