

TRANSCO NETWORK CODE MODIFICATION PROPOSAL No. 0646
"Bring forward AMSEC auctions to January to allow for two months notice of any changes in charges"
Version 1.0

Date: 20/08/2003

Proposed Implementation Date: 01/11/2003

Urgency: Non-Urgent

Justification

Moving the Annual MSEC auctions back from February to January would provide for two months notice of any changes in charges that become necessary as a result of the auctions and allow the new charges to take effect from April. This would provide shippers and customers with more certainty of charges during the tendering process. Ofgem identified this as a possible option in its decision letter to modification 616.

Nature of Proposal

Annual MSEC auctions would be held in January each year to cover the period from 1 April to 31 March each year to allow two months notice of any consequential changes in charges to take effect from April. In addition, Transco would be required to publish an indicative maintenance schedule at least one week prior to the Annual MSEC auctions in January, although preferably in December.

Purpose of Proposal

Securing the effective competition between relevant shippers and relevant suppliers by increasing the certainty in costs and charges during the tendering process.

Consequence of not making this change

Failure to make this change would mean there would be uncertainty over charges during the tender process which may undermine competition to the detriment of customers. This was noted by Ofgem in their decision document for NWC modification proposal 0616, stating that it 'may increase uncertainty for shippers and customers in terms of transportation charges which may undermine competition to the detriment of customers'. There would also be uncertainty for shippers and customers in terms of transportation charges.

The principles established in NWC modification 0560, of Transco publishing an indicative maintenance schedule at least one week before the MSEC auctions would not be upheld. Shippers would not have indicative maintenance information to inform the preparation of their bidding strategies which may affect their valuation of capacity and be detrimental to competition.

Area of Network Code Concerned

Section B

Proposer's Representative

Christiane Sykes (PowerGen UK plc)

Proposer

Christiane Sykes (PowerGen UK plc)

Signature

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