

CODE MODIFICATION PROPOSAL No. 0011(0736)
"Reintroduction of Constrained Top-up"
Version 2.0

Date: 10/12/2004

Proposed Implementation Date: 01/03/2005

Urgency: Non-Urgent

Proposer's preferred route through modification procedures and if applicable, justification for Urgency

(see the criteria at http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/2752_Urgency_Criteria.pdf)

Implementation of this Proposal is required to ensure that Transmission Support services can continue to be procured at Constrained Storage Facilities, if Users at these locations did not book sufficient storage under the existing Constrained LNG arrangements. Whilst all available Storage Capacity at the Constrained LNG Storage Facilities was booked by Users in respect of the 2004/5 Storage Year, there is a possibility that this will not be the case for subsequent years.

One of the consequences of implementation of Modification Proposal 0647 "Transitional Arrangements to facilitate the change of status of the Isle of Grain Storage Facility to a LNG Importation Terminal", is that from the Effective Date, this facility will be unable, under the Network Code, to offer a service similar to the Constrained Storage service offered at Storage Facilities. For this reason, a Proposal is required to ensure that Constrained Top-up services can be procured both at Storage Facilities and Importation Terminals. This will also allow any future LNG Importation Terminals to provide Transmission Support services, potentially in competition with Storage Facilities.

Transco requires Transmission Support services so that it can meet its licence obligation in respect of Security of Supply, particularly the 1 in 20 Peak Day requirement. Whilst this obligation would normally be fulfilled by installing sufficient physical pipeline capacity, backed-up by Constrained Storage services, there is a potential requirement for these to be "topped-up" by Transco storage bookings or by Transco service bookings at LNG Importation Terminal, in order to meet this level of Supply Security. This Proposal addresses this requirement.

Nature and Purpose of Proposal (including consequence of non implementation)

As Constrained Top-up makes a contribution to meeting 1 in 20 Peak Day transmission capability, implementation would be consistent with the efficient discharge of obligations under Transco's licence.

Including LNG Terminals within this Proposal would potentially provide a further source of Transmission Support in competition with that available at Storage Facilities. This benefit would be consistent with economic and efficient operation of the System.

Basis upon which the Proposer considers that it will better facilitate the achievement of the Relevant Objectives, specified in Standard Special Condition A11.1 & 2 of the Gas Transporters Licence

Transco would not be able to meet the 1 in 20 Peak Day requirement, if insufficient storage were booked at the Constrained Storage Facilities or, in the case of Isle of Grain, if there were any Transmission Support requirement in respect of that LNG Importation Terminal.

Any further information (Optional), likely impact on systems, processes or procedures, Proposer's view on implementation timescales and suggested text

Code Concerned, sections and paragraphs

Section R: Storage

Proposer's Representative

John Bradley (Transco)

Proposer

Richard Court (Transco)

Signature

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