

TRANSCO CONSULTATION RESPONSE ON PC40

Daily Entry Capacity Services at LNG Facilities

1. TRANSCO'S INITIAL PROPOSALS

In PC40 Transco proposed extending the daily entry capacity service to all liquefied natural gas (LNG) facilities, making this service available at all NTS entry points. It was also proposed that incentives for booking constrained LNG services should be excluded from calculations of floor prices at LNG facilities that offer a constrained service. This was necessary in order to maintain consistency with the methodology applicable at all other entry points.

2. SUMMARY OF RESPONSES

There were five responses to this consultation paper.

2.1 Comments Received

All respondents supported both proposals. However, three respondents stated that the benefit offered by Transco in recognition of transmission support gas provided by shippers that book constrained LNG was insufficient, and that it should be reviewed.

Transco's response

Transco is pleased to have received unanimous support for its proposals. Transco intends to review the level of transmission benefit, with a view to proposing changes for next year. Ofgas' forthcoming review of LNG services is also expected to cover this aspect.

The daily entry capacity services are required to facilitate low cost overruns of LNG deliverability. Details of this are described in Network Code modification proposal 0330.

3. FINAL PROPOSALS

The floor price for daily entry capacity booking at LNG facilities should be set on a basis consistent with other entry points to provide similar incentives. The floor price should be set at four times the daily annual rate, excluding any transmission benefit where that is included in the entry charge for annual entry capacity booking.