

TRANSCO CONSULTATION REPORT ON PC45

Charges for the Administration of Allocation Arrangements at Shared Supply Meter Points and Interconnectors

1. TRANSCO'S INITIAL PROPOSAL

Transco's Pricing Consultation paper PC45 proposed revised charges for the administration of allocation arrangements at shared supply meter points and the offtakes to the GB-Ireland and UK-Continent interconnectors.

Compared to present charges reductions are proposed in all categories of charge. This applies whether the meter points are telemetered or non-telemetered, whether the service is provided by Transco or an Agent. In addition there are reductions in the proposed charges for each of the tasks i.e. set-up, shipper to shipper transfer, and daily charge.

2. SUMMARY OF RESPONSES

Transco received six responses of which four were from shippers and two from end user associations. All six respondents supported the proposal.

2.1 Principle Of An Administration Charge

Comments Received

These can be summarised as:

- All respondents welcomed the reduction in charges for this service

- Three respondents welcomed any further future reductions

- One respondent noted that greater automation had brought about cost savings

- Two respondents thought some further savings could be brought about by further automation or integration into Transco systems

- One respondent expressed concern that the limitations on the service placed by Modification 0139 had not been addressed

Transco's Response

Transco appreciates that all the customers who commented on these proposals welcomed the reduction in charges and that an increase in efficiency through automation had been demonstrated. Transco will be looking at further ways to automate the processes including the long term solution of integrating off-line processes into Transco systems.

Transco has seen a steady take-up of requests for the service since its introduction. If there is a consensus or identified need, Transco would not be averse to reviewing the service, perhaps through the appropriate Network Code workstream.

2.2 Cost Reflectivity

Comments Received

No specific references were made relating to the cost reflectivity of the proposed charges although one is broadly supportive of greater cost reflectivity in all transportation charges.

Transco's Response

Transco has proposed charges that it believes are cost reflective.

2.3 Effect On Competition

Comments Received

Two respondents make specific references to the effect on competition of these proposals. One says that allocation arrangements are important to driving more competition into gas supplies and increasingly so as new trading arrangements are put in place. The other comments that this service has been extremely important to customers achieving effective competition.

Transco's Response

Transco welcomes these positive comments.

3. SUMMARY OF TRANSCO'S FINAL PROPOSALS

The final proposals are as the initial proposals detailed in the consultation paper PC45 and are included here as an attachment.