

## iGT UNC / iGT INC Modification Proposal

<b>Date</b>	27 <sup>th</sup> September 2012
<b>Urgency</b>	Non-urgent
<b>Reference</b>	iGT049
<b>Status</b>	Consultation
<b>Title</b>	AQ review amendment to tolerance for SSP sites
<b>Proposer</b>	Leanne Thomas npower
<b>iGT UNC / Pipeline Operator</b> <i>Confirm whether the Modification Proposal is to the iGT UNC or an iGT's Individual Network Code.</i>	iGT UNC
<b>Modification Proposal Dates</b>	<i>Circulation: 19/10/2012 Response: 09/11/2012 Circulation of DMR: 30/11/2012 Response to DMR: 21/12/2012 DFMR published: 16/01/2013 DFMR considered at Panel: 20/02/2013 FMR sent to authority: dd/mm/yyyy Circulate Authority's determination: dd/mm/yyyy Suggested Implementation date: dd/mm/yyyy</i>

**Urgency**  
Non-urgent

### Background

The Annual Quantity (AQ) of gas off taken at each supply point is a fundamental requirement for the day to day operation of gas. AQs are used to plan pipeline capacity, calculate transportation, reconciliation and energy balancing charges, therefore, the accuracy of this information is vital for Pipeline Operators and Pipeline Users alike. The AQ of each site is calculated by the Pipeline Operator and provided to the Pipeline User prior to the annual AQ review process. During the AQ review Pipeline Users can challenge the AQ of sites to produce more accurate values that reflect customer consumption and reduce reconciliation by difference (RbD) costs.

A modification proposal (Transco Network Code modification 624) was raised to place a tolerance for amendment activity. This was to address concerns that Pipeline Users were shaping AQ amendments during the review process to benefit in terms of Energy balancing and transportation charges. The modification proposed that only amendments where the AQ would change by greater than 20% in either direction would be accepted. This was implemented along with a consistent amendment methodology in order to address gaming opportunities. Further to this, UNC modification proposal 0292 (Scottish Power) was raised to reduce the AQ amendment tolerance from 20% to 5%. This modification was raised based on continuing demand reduction by domestic customers that are not reflected in AQ values. This modification was implemented and the Authority agreed that reducing the amendment tolerance increased the accuracy of AQs.

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### The Proposal

This proposal seeks to improve the accuracy of AQs held by Pipeline Operators by reducing the SSP AQ amendment tolerance from 20% to 5%. This will align the iGT UNC to reflect current practise under the UNC.

### How will the proposal operate?

This proposal will reduce the SSP AQ amendment tolerance to 5% and align with current practice under the UNC (TPD section G clause 1.6.4)

### Suggested timescale for implementation

As soon as practicable

### Section of the Code Concerned

PART C- Supply Point Administration

PART C1-Supply Point Registration

Section 6 Annual Quantities - Clause 6.6 (a)

### Facilitation of the relevant objectives

*How this proposal will, if implemented, better facilitate the “code relevant objectives”, as defined in Standard Condition 9 of the Gas Transporters Licence. For those answered Yes to, please provide a detailed explanation below the table.*

<i>Relevant Objective</i>	<i>Yes/No</i>
a. the efficient and economic operation of the pipe-line system to which this licence relates	Yes
b. so far as is consistent with sub-paragraph (a), the coordinated, efficient and economic operation of the pipe-line system of one or more other relevant gas transporters	Yes
c. so far as is consistent with sub-paragraphs (a) and (b), the efficient discharge of the licensee's obligations under this licence	Yes
d. so far as is consistent with sub-paragraphs (a) to (c) the securing of effective competition between relevant shippers and between relevant suppliers	yes
e. so far as is consistent with sub-paragraphs (a) to (d), the provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards are satisfied as respects the availability of gas to their domestic customers	No
f. so far as is consistent with sub-paragraphs (a) to (e), the promotion of efficiency in the implementation and administration of the network code and/or the uniform network code referred to in paragraphs 2 and 5 respectively of this condition	No
g. so far as is consistent with sub-paragraphs (a) to (f), the compliance with the Regulation* and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators	No

\* Regulation 2009/715/EC of the European Parliament and of the Council of 13 July 2009

*Relevant Objectives to be better facilitated:*

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This proposal facilitates the code relevant objectives (a), (b), (c) and (d) by enabling the submission of AQ amendments that are more reflective of actual customer consumption. The improvement to the accuracy of AQs will allow Pipeline Operators to improve the planning of the pipeline network. More Accurate AQs will also improve the allocation of energy and transportation charges therefore securing competition between Pipeline users.

### Likely impact on environment?

None

### Implementation issues including impact on systems

Some Pipeline Operators may require system changes

### Proposed Legal Text

*Wherever possible, a proposal should contain proposed draft legal text to reflect how the Network Code would change if the proposal were implemented.*

PART C- Supply Point Administration

PART C1-Supply Point Registration

#### Section 6 Annual Quantities

6.6 (a) Save in any case where the Provisional Annual Quantity has been determined by the Pipeline Operator in accordance with the provisions of the NExA, following notification of the Provisional Annual Quantity, the Pipeline User which is the Registered User at the time of receipt of such notification may subject to Clause 6.6(c) and where the provisions of Clause 6.6(b) apply:

- (i) in the case of a Smaller Supply Point where it considers that the Provisional Annual Quantity should be greater or lesser than the Provisional Annual Quantity notified by the Pipeline Operator by not less than **5%** ~~20%~~; or

in respect of any Larger Supply Point, not later than 11th August in the preceding Gas Year notify the Pipeline Operator that it considers that the Provisional Annual Quantity does not satisfy the requirement in Clause 6.8 ("**User Provisional Annual Quantity**"). A notification by the Registered User pursuant to this Clause 6.6(a) must contain (unless the Pipeline Operator agrees otherwise) details of all those Provisional Annual Quantities notified to it in respect of which the Registered User wishes to raise an objection and must be made in the format provided in the IGT AQ Review Procedures. No objection may be raised in respect of a Provisional Annual Quantity for a Supply Point in respect of which its First Supply Point Registration Date was not more than 26 weeks before the 7th July in the preceding Gas Year.

(b) The provisions referred to in Clause 6.6(a) are:

- (i) that the Registered User reasonably considers that the Pipeline Operator's calculation of the Provisional Annual Quantity is derived from:

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- (aa) Meter Readings that are incorrect or were taken prior to Meter Readings available to the Registered User and/or
- (bb) materially incorrect details of the Supply Meter Installation for the relevant Supply Meter Point; or
- (ii) Where the Pipeline Operator has determined the Provisional Annual Quantity in accordance with Clauses 6.2(a) or 6.2(d).
- (c) where, in respect of any Supply Point, the Registered User notifies the Pipeline Operator of a User Provisional Annual Quantity in accordance with Clause 6.6(a) it shall warrant that:
- (i) in reviewing the Provisional Annual Quantity:
- (aa) it has applied a methodology that is consistent to all Supply Points for which it is the Registered User; and
- (bb) it has applied a methodology that does not materially differentiate in its treatment of Supply Points where the User Provisional Annual Quantity may be greater than the Provisional Annual Quantity notified by the Pipeline Operator and Supply Points where the User Provisional Annual Quantity may be less than the Provisional Annual Quantity notified by the Pipeline Operator;
- (cc) it has not used any estimated Meter Readings in calculating the Provisional Annual Quantity; and
- (dd) it has not used any Meter Readings obtained after 12<sup>th</sup> May in the preceding Gas Year.
- (ii) it has notified the Pipeline Operator of all User Provisional Annual Quantities resulting from the application of the methodology referred to in -paragraph (i) above that satisfy the requirements set out in Clause 6.6(a).
- (d) The Pipeline Operator will accept or reject objections raised by a Pipeline User to a Provisional Annual Quantity within 21 days of receiving the same. The Pipeline Operator will be entitled to reject without consideration, notice or liability any notification by a Pipeline User which does not comply with the requirement in paragraph (a) and where exercising such right to reject, will endeavour to give the Pipeline User a reason therefore in the format provided in the iGT AQ Review procedures.
- (e) The limitations upon notification contained in paragraph (a)(i) shall not apply where the User Provisional Annual Quantity will result in a Smaller Supply Point being reclassified as a Larger Supply Point.
- (f) A Pipeline User may not issue a notification pursuant to Clause 6.6(a) where Meter Readings used by the Pipeline Operator comply with the provisions of this Clause 6.

**Completed forms should be returned to the iGT UNC Representative, Gemserv Ltd at [iGT-UNC@gemserv.com](mailto:iGT-UNC@gemserv.com) or faxed to 020 7090 1001**