

## iGT UNC / iGT INC Final Modification Report

<b>Date</b>	24 October 2007
<b>Reference</b>	iGT003V
<b>Title</b>	AQ Tables
<b>Proposer</b>	Paul Edwards - Gas Transportation Company
<b>iGT UNC / Pipeline Operator</b>	iGT UNC
<b>Modification Proposal Dates</b>	<i>Circulation: 20/07/2007</i> <i>Response: 10/08/2007</i> <i>Circulation of DMR: 31/08/2007</i> <i>Response to DMR: 21/09/2007</i> <i>Circulation of DFMR: 12/10/2007</i> <i>FMR sent to authority: 26/10/2007</i>

### The Proposal

Pursuant to Authority direction, Section 2 of the iGT UNC Transition Document Version 4.0 (dated 08.03.07) is to be implemented by all iGTs with effect from 1 October 2007. For ease of reference this relates to the allocation of AQ values for Domestic New Supply Meter Points in accordance with an AQ table developed as part of the iGT AQ Review process for 2005.

Since the Authority issued directions to implement the various iGT Network Code Modifications and UNC Modification 0075, an updated table has been produced following the iGT AQ Review process for 2006.

To date, the necessary Modifications have not been raised to the iGT Network Codes (now superseded by the iGT UNC) and this modification seeks to address this anomaly.

It is acknowledged that processes surrounding the NExA that impact upon Shippers may require a fundamental review; this modification does not seek to address this.

This modification merely seeks to introduce the most up to date AQ values into the iGT UNC, providing reassurance to all parties that ongoing pricing reflects as accurately as possible current average consumption levels.

The proposal seeks to replace the table in Appendix C1-1 of the iGT UNC with the following table:

Band	House Type	South SW, NT, WS, SO (92%)	Average WN, SE, NW, EA, EM, WM, NE (0%)	North NO, SC (108%)
		AQ (kWh)	AQ (kWh)	AQ (kWh)
A	1 Bed	9,111	10,417	9,153
B	2BF, 2BT	10,860	11,542	11,162
C	2BS, 2BD, 3BT, 3BF	13,545	14,446	13,879
D	3BS, 2BB	14,835	15,538	16,390
E	3BD, 3BB	16,645	18,227	19,458
F	4BD, 4BT, 4BS	20,091	21,835	22,712
G	5BD, 5BS, 6BD+	28,859	30,384	30,648

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### Variation Notes

GTC raised a variation to the original modification. The iGT UNC Modification Panel agreed that the variation was immaterial at the meeting held on 31 August. Therefore modification iGT003 is deemed to be withdrawn and iGT003V will proceed through the modification process. iGT003 sought to make changes to the iGT UNC Transition Document. The Proposer noted that the relevant section of the Transition Document will be incorporated in to the iGT UNC on 1 October 2007 and raised a variation to iGT003 to make changes to the iGT UNC rather than the Transition Document.

### Representations

Organisation	Response to Consultation	Response to DMR
EDF Energy	Not in Support	
Energetics		Support
E.ON UK	Not in Support	
ES Pipelines	Support	Support
Envoy	Support	Support
Fulcrum Pipelines		Support
RWE npower	Not in Support	Not in Support
SSE Pipelines	Support	
SSE Energy Supply	Support	
Gas Transportation Company		Support
ScottishPower	Not in Support	Not in Support

### Facilitation of the relevant objectives

As per justification for the initial modifications to the iGT Network Codes in order to insert the table into the iGT UNC, the Proposer believes that this modification will better facilitate the Relevant Objectives of the GT Licence by improving transparency and accountability and promoting competition.

### Implementation issues

None

### View of affected Operator(s) on whether or not the Proposal should be implemented

The Pipeline Operators are supportive of this Modification and would like it to proceed and be implemented as soon as possible.

Several comments have referred to the lack of robustness of the 2006 AQ Review undertaken by iGTs. Reference has also been made to the large variation in values between the 2005 AQ values and the 2006 values.

The 2006 AQ Review Process was introduced following assessment of the previous AQ reviews, especially the 2005 process, and sought to improve the robustness of the process and resulting AQ values. One of the actions to facilitate this was to embed the process into iGTs' network codes through the modification proposal process. This was supported by Pipeline Users with the intention that it would provide an enduring robust solution for future AQ Reviews that would negate the need to raise network code modifications each year prior to the start of the AQ Review.

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It is to be assumed therefore that the process proposed and supported by the majority of Users in Spring 2006 to achieve this outcome was robust. Indeed, the majority of comments from Pipeline Users at the time supporting the modifications referred to putting in place a robust process.

Reviewing the comments of the Operators to these modifications, which at the time were to each iGT's individual network code, they too were in full support of the process as set out in the modification. It is a little concerning that some Pipeline Users appear to be rejecting the output of that review due to a perceived lack of robustness of the process. The Pipeline Operators do not dispute that there are improvements which could usefully be made to the AQ Review process, however they do not believe that the 2006 review was any less robust than that carried out in the previous year and therefore, the resulting AQ values are no less robust than those calculated following the 2005 Review.

The table implemented in the iGT UNC on 1 October 2007 as a result of the 2005 AQ Review was based on successful AQ Reviews for 241,032 domestic supply points. This proposal has followed the same process and is based upon the results of successful AQ Reviews for 312,949 domestic supply points and, therefore, should be considered more representative than those calculated as a result of 2005 Review.

It is acknowledged that there may be some erroneous AQ values calculated as a result of AQ Review 2006 - albeit this will be the case for all AQ Reviews should some Pipeline Users not fully participate in the review.

It is incumbent upon the Pipeline Users to challenge AQ values if they perceive them to be onerous and there is a robust mechanism for submitting challenges as part of the iGT AQ Review Process for this purpose. The methodology for calculating the AQ values has not been called into question, therefore a small number of values applied that may be higher or lower than expected for such properties will therefore be attributable to the provision of questionable reads.

Whilst it is recognised that a review of AQ values for 2007 has been undertaken very recently, the results have not been compiled and are therefore not yet subject to any outstanding consultation in this respect.

It is anticipated that the current iGT UNC Review Proposal (iGTRP005) will develop a robust process for considering future updates to the AQ Table as a result of any AQ Review, this should not prevent implementation of a table already developed as part of the 2006 AQ Review.

### **Panel Decision**

The Panel was asked whether or not they supported the implementation of this modification. Three members of the Panel voted for the implementation of this proposal; three members voted not to implement this proposal. The Panel was therefore unable to reach a majority decision.

The Pipeline Operators' members on the Panel commented that this Modification supports the Efficient and Economic operation of the Pipeline System by ensuring that the AQ values used for RPC charging purposes are consistent with actual AQ values and are consistent with AQ values provided to the Large Transporters Agent, xoserve, for the purposes of deriving CSEP charges. The proposed new table was an output of the 2006 AQ review, and offered clarity and consistency by accurately reflecting the most up to date data.

The Pipeline Users' members on the Panel commented that due to the small number of parties that participated in the 2006 AQ Review, the figures contained in this table are not robust enough and therefore the implementation of these values would be detrimental to competition. The Pipeline Users further commented that they and Pipeline Operators had conducted a 2007 AQ Review and there would be newer, more up to date figures available

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and therefore the assertion within the Modification Proposal that the most up to date figures would be used is incorrect.

**Other information**

None

**Proposed Legal Text**

Legal Text is not required