

iGT UNC / iGT INC Modification Proposal

Date	4 th August 2010
Urgency	Non-urgent
Reference	iGT030
Status	For Development
Title	Review of CSEP NExA AQ Table values
Proposer	Lorraine Kerr, ScottishPower Energy Management Ltd
iGT UNC / Pipeline Operator <i>Confirm whether the Modification Proposal is to the iGT UNC or an iGT's Individual Network Code.</i>	iGT UNC
Modification Proposal Dates	<i>Circulation: dd/mm/yyyy Response: dd/mm/yyyy Circulation of DMR: dd/mm/yyyy Response to DMR: dd/mm/yyyy 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

AQ values contained within the CSEP NExA are used by iGTs as a basis for calculating Relative Price Control (RPC) Charging. The AQ values are applied to domestic new connections in accordance with the house type and geographical location.

Following the completion of the iGT AQ Review process in 2005 a review of the AQ values within the NExA Table was undertaken. Changes to the AQ values were necessary to take account of revised Seasonal Normal Demand data produced by the UNC Demand Estimation Sub-Committee, the impacts of demand destruction resulting from climate change and energy efficiency measures taken by consumers. Implementation of UNC Modification 75 enabled the necessary changes to be made to the CSEP NExA to accommodate the revised AQ Values. No further amendments have been proposed to the AQ values since implementation of this Modification in July 2006.

ScottishPower has raised a further Modification to amend the CSEP NExA Table to take account for revised SND. This proposal in our view is straight forward and does not require any develop in that already calculated AQ ratio factors will be applied against the AQ values. However, a more extensive review of the CSEP NExA Table is required to take account of the additional impacts of energy efficiency measures taken by consumers, improvements in home insulation/building standards, and general demand reduction.

A presentation at the DESC in Dec 09 reported that the extent of change in SND was an overall 4% warming nationally. Annual aggregate Non-Daily Meter AQ changes were reported as:

- 4.4% (reduction) in 2009/10
- 3.4% (reduction) in 2008/09
- 4.0% (reduction) in 2007/08

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It was further reported that it was not unreasonable to expect a similar AQ reduction in 2010/11 of 4% (e.g. general demand reduction) irrespective of the seasonal normal basis change.

Ofgem within their direction letter for Mod 75 commented “Ofgem shares the view that inaccuracies in the AQ values in the NExA may expose Users to the misallocation of energy volumes. Ofgem also considers that implementation of the proposal would better secure competition by minimising the instances of inequitable allocation of charges owing to the misallocation of energy volumes”.

The Proposal

The purpose of this Modification is to undertake the development of AQ values contained with the current CSEP NExA Table. Following the iGT AQ Review undertaken in 2005, individual iGTs provided requested AQ data to Ofgem who collated this into a single table outlining the % change by house type and geographical location. ScottishPower are of the view that following agreement with iGTs and Shippers that the collation of data could be undertaken by the iGT UNC secretariat.

Suggested timescale for implementation

Development Group should be formed as soon as possible following consideration by the iGT UNC Mod Panel 18 August 2010. A 3 month development period is proposed.

How will the proposal operate?

This section should explain, specifically, how the proposal will change the operation of the Network Code.

We believe that a Development Workgroup should be formed to discuss and agree the process for review of the CSEP NExA AQ Table. Following completion of the AQ Review in September 2010, iGTs will be required to provide requested AQ data to an independent party who will collate the information on behalf of the Development Group. Following agreement of the revised AQ values, the required Modifications will be raised to the UNC (to enable change to the CSEP NExA) and the iGT UNC to implement the revised AQ values.

Facilitation of the relevant objectives

How this proposal will, if implemented, better facilitate the “code relevant objectives”, as defined in Condition 9 of the Gas Transporters Licence.

Standard Special Condition A11.1 (a): The efficient and economic operation of the pipe-line system to which this licence relates:

Increased accuracy within the AQ values contained within the CSEP NExA AQ Table will improve the estimation of the amount of gas which is offtaken at the CSEP and subsequent energy allocation to Shippers over the gas pipeline. This in turn will result in increased accuracy of costs.

Standard Special Condition A11.1(b): so far as is consistent with sub-paragraph (a), the coordinated, efficient and economic operation of :

- (i) The combined pipe-line system, and/or

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(ii) The pipe-line system of one or more other relevant gas transporters;

Increased accuracy within the AQ values contained within the CSEP NExA AQ Table will improve the estimation of off-take quantities at the CSEP.

Standard Special Condition A11.1 (c): so far as is consistent with sub-paragraphs (a) and (b), the efficient discharge of the licensee's obligations under this licence;
Implementation would not be expected to better facilitate this relevant objective.

Standard Special Condition A11.1(d): so far is consistent with sub-paragraphs (a) to (c) the securing of effective competition:

(i) Between relevant shippers;

(ii) between relevant suppliers; and/or

(iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers;

Increased accuracy of AQ values will result in improved allocation of energy and costs between Shippers.

Standard Special Condition A11.1 (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;
Implementation would not be expected to better facilitate this relevant objective.

Standard Special Condition A11.1 (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;
Implementation would not be expected to better facilitate this relevant objective.

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.

N/A at this time.

Completed forms should be returned to the iGT UNC Representative, Genserv Ltd at iGT-UNC@genserv.com or faxed to 020 7090 1001