iGT 038 - Periodic Annual Quantity Calculation (Rolling AQ)

Terms of Reference

Purpose

This Development Group has been established to progress modification iGT 038 raised to iGT UNC.

Background

The AQ value assigned to each supply point forms the basis of capacity planning, energy balancing and aggregate meter point reconciliation. The accuracy of this information is therefore of significant importance to both Pipeline Operators and Users as well as to customers in terms of having cost reflective transportation, capacity and commodity charges. Under the current AQ review process the AQ used to determine the capacity and commodity charges are on average 18 months old at the time of use.

Continuing demand reduction by domestic consumers isn't quickly recognised in the AQ values being used by the Pipeline Operators in both pricing networks and booking network capacity with the large Transporters. Recent analysis of AQ values contained in the NExA table after the Annual AQ Review process has demonstrated that smaller supply points AQ values are dropping by approximately 4% per year (which was confirmed by analysis conducted by DECC and Ofgem on future demand requirements) and that depending on a number of different factors, sites may not be able to be part of the annual review of AQs which means that potentially inaccurate AQ values may be applied to supply points for a further 12 month period.

Scope and Deliverables

The Development Group will consider:

- What changes, if any, should be proposed to the iGT UNC
- Appeal process for recalculated AQs.
- Any information requirements to support the AQ recalculation process
- Assess what changes iGTs would need to make to perform a more frequent AQ calculation process including whether the rolling AQ should be calculated; as part of the meter reading validation process;
- Review the progress of the UNC modification proposals (0209 and 0380)
- Any impact this change may have on UNC
- Identify what information will be required from xoserve and when this will be required;
- Assess alternative frequencies for providing revised AQ data to xoserve – e.g. real time (as read processed), weekly, monthly, quarterly;
- Assess the costs and benefits to iGT parties (iGTs and Shippers/Suppliers) – will require assistance from Ofgem;
- Assess implementation timing issues and any dependencies on other industry activity;

The Development Group is asked to deliver:

1. A final report outlining the findings of the Group, including recommendations for any changes to the iGT UNC (and note any changes required to UNC).
2. Draft modification proposals for changes to iGT UNC.

Reports of progress will be provided to the iGT UNC Modification Panel at each meeting held throughout the period of the Development.

Composition

- IGTs
- Shippers and Suppliers
- Ofgem, Large Transporters
- Others (e.g. xoserve) by invitation
- The Development Group will be chaired by the iGT UNC Operators

Information Sources

iGT UNC, UNC, AQ Procedures, Meter Reading Validation Rules, UNC Modifications 0209 and 0380, Nexus meeting minutes.

Limits

The Development Group is established to progress the proposal which seeks to implement a rolling AQ. It is not expected that the Development Group considers incremental improvements or changes to the AQ review process in its current form.

Timetable

- To be agreed
- Meetings to be held in accordance with the Chairman's Guidelines

Approval

These terms of reference are subject to approval by Panel. However, the Development Group may recommend changes to the Terms of Reference if required.