

## iGT UNC / iGT INC Modification Proposal

<b>Date</b>	3 <sup>rd</sup> July 2013
<b>Urgency</b>	Non-urgent
<b>Reference</b>	iGT053
<b>Status</b>	For Consultation
<b>Title</b>	Introduction of annual updates to the AQ values within the CSEP NExA table
<b>Proposer</b>	Amie Charalambous
<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: dd/mm/yyyy                  Response: dd/mm/yyyy                  Circulation of DMR: dd/mm/yyyy                  Response to DMR: dd/mm/yyyy                  DFMR published: dd/mm/yyyy                  DFMR considered at Panel: 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

The CSEP NExA table is owned by the pipeline operators and provides an initial AQ for new connections by region and house type. AQs are used by the pipeline operators to plan capacity for the offtake of gas at the CSEP and calculate transportation and energy balancing charges. As a result, the initial CSEP NExA AQ values are used by pipeline users when pricing new connection domestic customers.

The AQ values within the CSEP NExA table are fixed and do not reflect the continuing alteration by domestic customers of their consumption, leading to AQ values quickly becoming outdated. On January 20<sup>th</sup> 2012, the Authority decided that Modifications UNC 392 and iGT040v to amend the AQ values in the CSEP NExA table be implemented, resulting in a downward revision of the AQ values calculated, based on data from the 2010 AQ Review. With the continued energy efficiency measures the domestic market has undertaken, e.g. Green Deal, the roll out of SMART metering and altered customer behaviour, it would be beneficial for the CSEP NExA table to be reviewed and updated annually. This will allow the pipeline operators to accurately plan their network capacity and pipeline users to accurately price domestic new connection customers.

The recent implementation of iGT051ANC – amendment of iGT AQ review Procedures document, will introduce a yearly review of the values of the CSEP NExA by the pipeline operators. However, iGT051 does not mandate the annual revision of the CSEP NExA tables following this review exercise.

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### The Proposal

This modification will act as the enabler for the CSEP NExA values to be amended, on a yearly basis as required, following the annual review.

Previous workgroups carried out for iGT UNC 040V and UNC 392 have already established an Ofgem approved methodology to be used in calculating revised AQs. Following the implementation of iGT 051, that allows for the annual review of the AQs and describes how the review is to be carried out by the pipeline operators, RWE npower propose this modification should go directly to consultation.

Updating the table on an annual basis will make the values more reflective of market forces being applied and government incentives e.g. Green Deal, SMART, etc. Ultimately this will improve the accuracy of pipeline planning, increase the accuracy of allocation and transportation charges for pipeline users. This will increase the accuracy of the costs passed onto customers therefore, pricing will become more accurate and reflective of consumption.

This modification will allow for a framework to be introduced updating the CSEP NExA table, as suggested by Ofgem within the decision letter for iGT UNC modification 040V, Amendment to AQ values present within the CSEP NExA table.

A UNC modification will also be raised to facilitate the change to the CSEP NExA table.

### How will the proposal operate?

The CSEP NExA AQ table referenced within iGT UNC section CI appendix 1 will be updated to reflect the outputs from the annual review process, as set out in iGT UNC 051 ANC.

### Suggested timescale for implementation

It is expected that there will be minimal changes for parties and therefore, the next release date will be required following Authority direction

### Section of the Code Concerned

This proposal will amend Part C1 section 6 of the code and will provide an annual update to Appendix CI-1

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### 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	No
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:*

*a. the efficient and economic operation of the pipe-line system to which this licence relates*

Accurate AQ values held within the CSEP NExA table will improve the estimation of gas offtaken at the CSEP. Ultimately, this will improve the accuracy of pipeline planning for the pipeline operator and ensure allocation and transportation costs received by the pipeline operators and passed to customers are reflective of the continuing demand alteration.

*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*

The benefits to improved accuracy of pipeline planning will apply to all pipeline operators.

*d. so far as is consistent with sub-paragraphs (a) to (c) the securing of effective competition between relevant shippers and between relevant suppliers*

By applying more accurate AQ values to the CSEP NExA table; as a result of the annual review undertaken as part iGT 051, will improve the allocation of energy and transportation costs. Any adjustment to pipeline user's costs will allow for cost reflective pricing for customers that will improve

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competition between pipeline users.

This modification has no impacts on relevant objectives C, E, F and G.

### **Likely impact on environment?**

None Identified

### **Implementation issues including impact on systems**

None Identified

### **Proposed Legal Text**

To be provided by the pipeline operators.

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