

TRANSCO NETWORK CODE MODIFICATION PROPOSAL No. 0496
"Improvements to NDM Demand Determination"
Version 3.0

Date: 15/10/2001

Proposed Implementation Date: 01/10/2002

Urgency: Non-Urgent

Justification

The methods currently specified in the Network Code to forecast and determine Non Daily Metered (NDM) demand assume accurate Seasonal Normal Demand (SND) forecasts, prior to the Gas Year, of total demand (i.e. NDM and DM). Transco has established that anomalous determination of NDM nominations and allocations has arisen in cases where actual DM demand differed substantially from that assumed in calculation of the relevant SND forecast. As a result of this, Transco has developed a revised methodology where NDM nominations and allocations are no longer dependent upon accurate DM forecasts. To assess the affect of this revised methodology, allocations of NDM demand for the Gas Years 1999/2000 and 2000/2001 were repeated, using both the original and revised methodology, and the results were presented to the Planning and Security (including Storage) Workstream on 11 September 2001. The results showed substantial improvements in NDM allocation consistency during summer periods for LDZs that have a high proportion of DM demand and in no LDZ was a deterioration in NDM allocation consistency observed.

The Users present at the PSS Workstream received Transco's analysis positively and encouraged Transco to prepare a Modification Proposal in order to implement the alternative methodology.

Nature of Proposal

It is proposed to change the calculation of the Weather Correction Factor (WCF). The present calculation is:

Current WCF = (Total actual LDZ demand - Total LDZ SND)/Total LDZ SND

The revised calculation would be:

Revised WCF = (Aggregate actual NDM demand in LDZ - Aggregate NDM SND in LDZ)/(Aggregate NDM SND in LDZ)

The basic NDM attribution calculation defined in Section H 2.2.1 would be unchanged but the value of the Daily Adjustment Factor (DAF) would need to be adjusted to be consistent with the revised calculation of WCF.

Purpose of Proposal

This Modification Proposal seeks to improve the consistency of NDM allocation particularly during periods within the gas year where inconsistent allocations have been experienced.

Implementation would therefore be consistent with efficient and economic operation of Transco's system. It would also improve the cost reflectivity of energy balance charging, particularly during summer periods in LDZs where DM demand makes up a high proportion of the total.

Consequence of not making this change

If the Modification Proposal is not implemented, existing allocations of NDM demand during certain periods within the gas year would continue

Area of Network Code Concerned

Section H (Demand Estimation and Demand Forecasting) 2

Proposer's Representative

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Proposer

Tim M Davis (Transco)

Signature

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