

**TRANSCO NETWORK CODE**  
**APPLICATION SEEKING THE AUTHORITY'S**  
**VIEW REGARDING**  
**MODIFICATION PROPOSAL REF 0484**

**1. Summary**

Transco is seeking the Authority's view as to whether Modification Proposal Ref 0484 should continue to be dealt with under the Modification Rules, or, whether in view of its retrospective nature it should lapse. This Application is made in accordance with Condition 9 (5) (d) of the Standard Conditions of the Gas Transporters' Licence.

**2. Modification Proposal**

Transco received Modification Proposal 0484 "Reconciliation of energy for Meter Points moved to the Larger Supply Point category via the annual AQ Review process" from British Gas Trading on 02/08/2001. It proposes the retrospective introduction of a process to reconcile Small Supply Points which move out of Reconciliation by Difference (RbD) as a result of being re-designated as Larger Supply Points following completion of the Annual AQ review process. A copy is attached to this report for information.

**3. Circumstances Leading to This Application**

- 3.1 This Proposal was initially discussed at the Modification Panel meeting held on 16/08/2001, where the Panel noted the retrospective aspects of the proposal and after discussion referred it to both the Invoice and Adjustment and SPA Workstreams for consideration.
- 3.2 Following discussion within the SPA Workstream it was agreed that the best way forward was to request the AQ sub Group to provide input. Accordingly the AQ sub Group met and discussed this Proposal on 28/09/2001
- 3.3. Analysis presented to the AQ sub group shows a reduction in both numbers of "threshold crossers" and their associated energy value comparing the years 2000 and 2001. It also points to reductions in the larger AQ movements seen in 2000 (the so called 'stranded sites'). The group recognised that the larger movements seen in the 2000 AQ review have dramatically decreased, with the majority of threshold crossers now centering around movement from high Smaller Supply Point (SSP) values to low Larger Supply Point (LSP) values (less than 150,000 kWh). Present evidence suggests that future years will continue to see reductions in both volumes and energy moving out of RbD, although it is to be expected that some movement will take place each year.

- 3.4 This information was presented to the SPA Workstream at the meeting held on 25/10/01, where it was agreed that there appeared to be no requirement for a prospective Modification proposal. This would leave the retrospective element only.

#### **4. Summary of Shipper Views**

Transco, via the Invoice and Adjustment Workstream, has sought shippers views of the merits of proceeding with this Proposal in view of it's retrospective nature. Five representations were received, four were against retrospective amendment and one, from the proposer, was supportive of the Proposal.

All five views expressed are attached for information.

#### **5. Transco's Opinion**

Transco does not believe that retrospective modifications to the commercial regime provide the industry with the confidence to accurately forecast costs. In addition on the basis of present data, Transco does not believe there is a requirement for a prospective Modification. As such it would not seem worthwhile to expend further industry time and effort in consideration of this proposal.

For the reasons stated, Transco wishes to allow this Proposal to lapse without further development and seeks the Authority's agreement to this course of action.

JRM/23/11/01

