

Modification 0374(a) Cost Reflective Charging for Loads

in End User Category 9

Development Work Group Terms of Reference

1. Nature of Modification Proposal

There are currently forty five large (AQ > 58.6 GWh) NDM Supply Points which could be reconfirmed as Daily Metered. British Gas Trading has expressed concern that these Supply Points and others arising in the future could distort NDM gas allocations and confer some financial advantage on those Users that have such sites in their portfolio.

Section G.1.5.2. of The Network Code provides for the daily read requirement applying in respect of:

- a). Supply Points whose AQ is > 58.6 Gwh
- b). Interruptible Supply Points
- c). NTS Supply Points

Section G.1.5.4. Allows large NDM's to remain as such, where it is not practical or economic for the meters to be daily read.

Section G.1.11.2. Provides that following a Supply Point reclassification, a User will reconfirm the Supply Point within three months.

Whilst the Network Code requires Users to comply with these provisions, there is no reasonable remedy if Users fail to perform within the terms of the contract. In part this could explain why there are currently upto forty five Supply Points which may require reconfirmation as DM.

The Modification Proposal sets out a framework for encouraging Shippers to renominate and confirm Supply Points such as these from 1 October 2000. Transco believes that, whilst the mechanisms proposed in the Modification are worthy of further consideration, they may be too onerous given the potential impact of these sites on total NDM demand.

2. Scope of Development Work Group

To examine the impact of large NDM's on demand attribution and thereby determine whether an incentive is appropriate and, if so, on what basis it could be constructed.

3. Composition

Paul Rogers	Transco	Graham Pratt	British Gas Trading
Rohan de Silva	Transco	Phil Broom	Yorkshire Energy
Peter Bowen	Transco	Lorane Tilbrook	TXU
		tbc	Scottish and Southern
		Brian Horton	Total

At the Modification Panel held on 16 December 1999, dispensation was granted for the work group to convene if necessary, with less than five Shipper members. Nevertheless, Transco would welcome further nominations from Shippers who would be willing to attend future meetings.

4. Terms of Reference

Examine impact of large NDM sites on NDM demand attribution

Examine transportation and energy balancing impact

Examine current User performance in relation to Network Code

Examine alternative solutions to encourage better performance

Recommend appropriate incentive mechanism if required

5. Timetable

Convene work group - January 2000

Work group report to Modification Panel - April 2000.