

Modification Proposal No. 0362

Short Title: Smaller Supply Point ('Domestic') AQ Review for Gas Year 2000/2001

Date: 13/10/99

Proposed Implementation Date: ASAP

Status: Urgent

Justification

ScottishPower believes there is significant risk to the RbD gas invoicing process arising from manipulation of domestic AQ's.

Any Network Code changes to the AQ Review process should be finalised with sufficient lead-time to allow the necessary functionality to be developed and all participants to familiarise themselves with the process and procedures. Although revised AQ's would not become effective until 1st October 2000, the process to establish them should commence in March/April 2000.

Nature of Proposal

To develop arrangements to undertake a limited review of domestic AQ's for the 2000/2001 Gas Year.

Proposed Values

Transco will propose a new meter point AQ where the current value is classed (for the purpose of this proposal) as a default value and adequate reads exist to fulfil the requirements of Section H 3.2 of the Network Code. Further to the requirements of Section H, at least one of the reads used in the calculation must have been obtained after the relevant competition effective date.

The AQ values to be reviewed under this proposal are default values used during the introduction of Domestic Competition and applied to a meter point when an AQ could not be calculated. Meter points with an AQ of 1 kWh will also be reviewed. Every meter point with one of these values as an AQ will be reviewed. A complete list of these values classed as default is appended.

The relevant shipper will also be able to amend the meter point AQ of any Domestic supply meter point where it can demonstrate that the supply point AQ should be greater than 73,199 kWh.

Proposal

1) Default (AQ) Meter Points

For any meter point with a default value as an AQ, a 'Default (AQ) MP', the relevant shipper will be able to amend the proposed value or, where Transco is unable to calculate a value in accordance with this modification, the previous value. Any shipper proposed amendment must be supported by the reads that fulfil the requirement of Section H 3.2 and, additionally,

- a) for a site where Transco propose a value, no pre-competition effective date reads, other than the one used by Transco to calculate the proposed value and provided to the shipper in the notification of provisional AQ file, will be accepted to effect an AQ amendment and;
- b) for a site where Transco could not propose a value, the reads must both relate to the period post competition effective date.

Where the shipper has been notified that a meter point AQ is eligible for review, it will only be able to change the AQ during the amendment phase of the process.

For the avoidance of doubt, the initial notification required under Section G 1.6.6 of the Network Code will only include meter points identified by Transco as Default (AQ) MPs.

2) Threshold Crossers

The supporting evidence required to effect a change of this nature will be either two post competitive meter reads, obtained in accordance with Section H or, where gas burning equipment has been installed in the last 12 months, a list and the consumption rating of each item of gas burning equipment on site, indicating which equipment has been installed.

Where the shipper proposes an AQ greater than 73,199 kWh, it will be able to do so during both the amendment phase and the appeal phase of the AQ process (that is up to 31 Dec 2000).

3) Other Domestic Meter Points

For any other meter points, other than those captured by the above two paragraphs, the Shipper will not be able to propose a new AQ for Domestic meter points. For such meter points, the 1999/2000 AQ value will apply for gas year 2000/2001.

Purpose of Proposal

There are no proposed rules to prevent gaming of Domestic AQ's, Shippers would be free to create meter read history, selectively submit unbundled meter reads, nominating down AQ's as they see fit.

At present there are no robust or workable solutions to policing this process and it is highly unlikely that such measures could be put in place in time for the 2000 review.

It is believed that it will be more economic and efficient for the industry to carry out a limited review in 2000 rather than a full review of all domestic meter point AQ's.

Consequence of not making this change

A full review of domestic AQ's will be undertaken without the protection of adequate policing. This will lead to significant bias in RbD invoicing and would undermine Industry confidence in the RbD process.

Scottish Power believe that only reviewing a limited number of supply points, coupled with measures to deal with meter points that have crossed the 73,200 kWh per annum threshold, will serve to cost effectively improve the appropriateness of the AQ's that will apply for the 2000/2001 year.

Area of Network Code Concerned Transition Document

Identity of Proposer's Representative Alistair Watson

Proposer Fred Attwater

Signature

Company Scottish Power

Mod Panel Secretary Use Only

Reference Number 0362

Date Received 13/10/99

Domestic Default AQ's

kWh

1
17,319
17,525
17,606
17,701
18,005
18,146
18,402
18,544
18,551
18,670
18,672
18,701
18,705
18,780
18,813
18,816
18,851
18,852
18,866
18,948
18,958
18,992
19,023
19,096
19,126
19,159
19,287
19,430
19,445
19,593
19,604
19,711
19,904
19,959
19,960
20,037
20,066
20,268
20,600
20,819
21,030