

Network Code Modification Request

It has become apparent that some of the data held on each shipper's portfolio and on the SPA Enquiry System does not agree with actual data held by the shipper or produced by the official MRA. In such instances it is impossible for gas suppliers or shippers to provide potential customers with quotations for gas supply that would be in accord with the actual site consumption parameters. The consumption profile derived parameters in question being the current ACQ and the Site Peak Daily Capacity. Both of these are in turn obtained from the ACQ and the Ratio of the winter to annual consumptions as defined in the Demand Estimation paper. The latter two parameters and the associated Exit Zone define the End User Category which has associated with it a Peak Day Scaled Load Factor (PDSLF) which is applied to the ACQ on the portfolio to produce the site Peak Day Capacity or MDQ.

The site capacity is the main factor in determining the transportation charges which are reflected in both the commodity and capacity invoices issued to the Shippers. The allocated MDQ is multiplied by the unit charge per peak day therm to arrive at the capacity charge the same situation also applying to the capacity related portion of the customer charges. In turn the charging rate is a logarithmic function of the PDSLF as is the LDZ commodity rate.

It can be seen that the PDSLF greatly influences transportation charges and if this is erroneously allocated as a consequence of flawed data then the transportation charges will not reflect that which is correctly due to the site. This has various consequences.

- 1 Customers with identical consumption profiles are subject to differential pricing within a given Exit Zone, which is discriminating against the customer leading to unfair competition.
- 2 Supply companies offering quotations for gas supplies cannot give accurate quotations without exposing themselves to undue risk.
- 3 In some instances shippers have refused to provide quotations due to the disparity in information between that submitted by the customer and that available on the SPA which is a mirror of the incumbent shippers portfolio. This therefore is a barrier to competition in the competitive gas market.

It is necessary to arrive at a situation whereby a valid appeal can be made to rectify a customers classification and backdate it accordingly to the start of the gas year in order that fair treatment to both the customer and the shipper can be assured.

It is therefore proposed that a NETWORK CODE MODIFICATION be introduced in order to promote transparency in anticipated transportation costs while removing discrimination against those end users who have erroneously allocated peak day capacities.

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