

Development Workgroup Report
Modification Reference Number 0034
NDM to DM Conversion

1.0 Background

The datalogger performance test A, carried out as requirement of the Transition Document, Section 2.3.1, revealed that 51% of performance relevant meter points had at least 72 recorded daily reads for the Winter period, 1st January 1996 to 31st March 1996. Although this was insufficient to trigger the mandatory conversion programme, it was felt that Shippers may have enough data to make site specific decisions to convert to DM.

The views of the Shippers were solicited through correspondence and discussion an Operational Review Meeting and a substantial proportion are in favour of a modification proposal to enable Shippers to choose to convert NDM sites to DM.

A Modification Proposal was presented to the 20th June 1996 Modification Panel but did not receive unanimous support. A Development Workgroup was formed which met on 4th and 23rd July 1996.

2.0 Workgroup

Terms of Reference

The Workgroup Terms of Reference required the following issues be considered:

2.1 Should conversion proceed on a non-mandatory basis?

DM operation is more cost reflective than NDM operation and gives Shippers the freedom to book capacity and balance energy to reflect the requirements of individual Supply Point portfolios.

In principal, it was agreed that an optional conversion programme should be developed.

2.2 If conversion proceeds, what should be the format be?

Key features of the conversion programme are that is administratively simple, has the minimum impact on workloads and does not require modifications to system functionality or prejudice the operation of existing activities.

To meet these requirements, a revised proposal was developed as follows:.

The non-mandatory lowering of the Threshold will permit Shippers to operate Supply Points as DM from the Threshold Date to the following timetable:

	Threshold Reduction Date	Threshold
Phase I	30 October 96	24,320,000kWh (830ktpa)
Phase II	1 December 96	15,820,000kWh (540ktpa)
Phase III	1 January 97	11,720,000kWh (400ktpa)

Conversions to DM after 28 February 97 will not be permitted

General

Shippers will be able to choose which (if any) of their Supply Points converts to DM. There will be no provision to book the Minimum Converting Capacity at a Supply Point, nor will TransCo book exit capacity in respect of sites switching during Phase I, II or III. Sites will be able to convert to DM any time during the above periods, not just on the Threshold Reduction Date.

Supply Points below 58,600,000kWh, confirmed as DM, will not be permitted to revert back to NDM except where the incoming Shipper presents evidence that the conversion of the Supply Point to DM was carried out by the outgoing Shipper in bad faith in anticipation of the transfer of the Supply Point to another Shipper.

Phase IV

The NDM to DM conversion programme, defined in the Transition Document, is modified by changing the 1996 dates, in Part II, section 2 and 3, to 1997 dates.

Note -The Transition Document provides a mechanism to achieve the "normal running", 2,196,00kWh pa (75ktpa) Supply Point, 732,000kWh pa (25ktpa) Meter Point, position described in the Principal Document. It is desirable that the "normal running" position is reviewed and we intend to establish a Review Group to consider this issue and the associated mandatory conversion programme.

2.3 Reasons for Modifying the Proposal

The current Proposal differs from that detailed in the Terms of Reference to reflect the requirements of the Workgroup whilst working within constraints identified by TransCo. To allow the workload to be spread evenly, the sites in the AQ band have been split into 3 tranches each with a eligible date for conversion. The number of sites eligible for inclusion in the programme has been restricted to approximately 1300 by increasing the lower AQ limit from 5,860,000kWh pa (200ktpa) to 11,720,000kWh pa (400ktpa). The commencement of the programme was slipped to 30 October for two reasons. First, to avoid coincidence with the introduction of Energy Balancing Phase II, and secondly, to follow introduction of functionality to obtain closing NDM readings for meters transferring to DM.

3.0 What are the associated risks for TransCo and/or Shippers

a) A greater number of DM Supply Point Components will result in a greater volume of DM reads to be processed after the Gas Flow Day.

This is the principal implementation issue associated with this modification. The increased number of DM reads increases the possibility of rogue reads being generated which in turn would impact on NDM allocations. The causes of rogue DM reads have been established and a programme of data integrity checks has been developed to remove them. Integrity checks will be applied to the meters and loggers prior to the commencement of the programme to minimise allocation errors after conversion.

b) Conversion could result in unacceptably high NDM charges when the Supply Point is split due to inaccurate Meter Point AQs.

Any adjustment of Meter Point AQs will have to be undertaken prior to conversion to ensure converting Meter Points have appropriate AQs attributed to the respective DM and NDM Supply Point components. This initiative is progressing already as a consequence of the decision not to systematically update AQs this Summer.

c) A concern was expressed over the possibility of Supply Points being nominated as both NDM and DM, which would result in different transportation charges and could result in inconsistent End User prices.

This will not occur as Supply Points will not normally convert back to NDM.

d) The NDM forecast is dependent on the volume of gas forecast for DM Supply Points. If DM forecasts are inaccurate this will be reflected in the NDM nominations.

Scheduling charges provide a limited incentive for Shippers to nominate accurately.

4.0 Timescale for Implementation

When the dates 30th October 96, 1 December 96 & 1 January 97 are referred to as D, the following programme will apply:

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|---|-------------------------------------|
| Prior to D -35 | - Nominations Submitted |
| Maximum of 21 days after Nomination submitted | - Offers returned to System Users |
| Prior to D - 14 | - Confirm Offer for Conversion on D |

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