

Application of EP2 in derivation of SNCWV

2nd October 2009

Seasonal Normal Review Decision - Background

- Transporters have undertaken extensive analyses on the matter of the next seasonal normal basis. As a result need identified to update current 17 year basis
- It is Transporters' responsibility to "consult, review and if appropriate revise" the seasonal normal basis every five years (or more frequently if Transporters think fit)
- Transporters have consulted DESC as required on the next seasonal normal basis and accepted their suggestions to incorporate forecasts from reliable sources
- DESC meeting 23rd September Transporters presented proposed approach ('EP2 Daily') for using EP2 data in the derivation of revised SNCWV
- Majority of Shippers present did not support the proposed approach and instead believed the EP2 data ('EP2 Average') should be used 'as is'
- All Transporters met 28th September to discuss the outcome from DESC and finalise their views between the two approaches

Seasonal Normal Review Decision – Application of EP2 data in derivation of SNCWV

- Following the discussions Transporters unanimous decision is to support the ‘EP2 Daily’ approach
- Transporters believe that a new seasonal normal basis must be based on a sound methodology and must not be determined by a preference for a particular outcome
- Transporters have come up with a methodology that is technically consistent to apply to the data available
- Mods 218 and 254 were promoted by their sponsors as enabling modifications that would allow Transporters to adopt a historically based or forecast based seasonal normal basis. The decision remained one for Transporters
- Transporters have acknowledged the sentiment implied in these Modifications and have moved from considering only historically based approaches (12 year basis) to considering the use of forecast data and the application of a seasonal normal profile that retain various kinks and bumps due to meteorological phenomena