

## TRANSCO NETWORK CODE MODIFICATION PROPOSAL

**SHORT TITLE:** Exclusion of Isolated Only NDM Meter Points from NDM Supply Meter Point Demand

**DATE:** 30 November 1998      **PROPOSED IMPLEMENTATION DATE:** 23 December 1998

**URGENCY:** Urgent

### **JUSTIFICATION:**

The Network Code Principal Document Section G3.4.3. states:

‘In the case of an NDM Supply Meter Point, NDM Supply Meter Point Demand will continue to be determined in accordance with Section H2 until such time as a Supply Point Withdrawal has (in accordance with paragraph 3.2) become effective in respect of the Supply Point in which the Supply Meter Point is or was comprised: but for the purposes of Individual NDM Reconciliation the Metered Quantity in respect of any period after the date of Isolation (and before reconnection) shall in accordance with paragraph 3.4.2 be deemed to be zero’.

An ‘isolated only’ meter point is a meter point which has been isolated by Transco but from which the shipper has not withdrawn. Isolation means that no gas can be offtaken at the meter point but in all other respects the shipper remains the registered user.

Over the past few months, isolation, and its commercial significance in the Network Code, has been discussed in detail by the SPA/Metering workstream. The consensus of the group is that, on balance, isolated meter points should not be included in the demand attribution and allocation processes. This consensus can be facilitated by temporarily transferring the site to a Transco holding account during the period of isolation. A fully automated process within UK-Link could respond to the meter point attributes recorded on the Sites & Meters database. However, although an automated solution is currently undergoing assessment, it is not yet prioritised and is not expected to be delivered prior to mid 1999 at the earliest.

Concern was expressed within the SPA/Metering workstream that there could be an impact on shippers ability to balance their portfolios if measures are not taken to resolve this issue prior to the winter of 1998/1999. To meet this concern, Transco request that this proposal is processed as an urgent modification to the Network Code.

### **CONSEQUENCE OF NOT MAKING THIS CHANGE:**

All isolated NDM meter points will continue to be included in the NDM demand attribution and allocation processes.

**AREA OF NETWORK CODE CONCERNED:**

Transition Document Part II Section 8 (G).

**NATURE OF PROPOSAL:**

Prior to the implementation of a full UK-Link solution in respect of isolated meter points, it is proposed that the Network Code is modified in order to allow a shipper to request that an NDM isolated meter point is excluded from NDM demand attribution and the allocation process.

This proposal is an alternative, developed by the SPA/Metering workstream, to that identified in Modification Proposal 0279 (the basis of which was to record an AQ of 1 kWh at a meter point while it is isolated). In parallel, Transco will continue to progress the development of UK-Link functionality that will provide a robust, automated solution for isolated sites, implementation of which will require further modification to the Network Code.

For the avoidance of doubt, LDZ capacity charges for isolated only meter points will continue to be levied in recognition that it is possible for these meter points to be reconnected. Transco will levy these charges manually via the ad-hoc invoice.

**PURPOSE OF PROPOSAL:**

Currently, NDM isolated meter points are included in the determination of NDM demand and, after the gas flow day, are allocated gas. Since the meter point is physically isolated, no gas can be offtaken, (theft excluded), and consequently, any gas allocated, together with the associated commodity charges, will be reconciled back to the shipper when a meter read is processed. These rules mean that a shipper is required to source gas to meet its NDM nomination, only to be repaid for this gas at SAP, as part of the reconciliation. Arguably this results in risk for the shipper in terms of the relative unit gas costs as well as requiring unnecessary cash flows. This modification removes this risk and therefore meets Transco's PGT licence 'relevant objective' by adding to the economic efficiency of the gas transportation business.

**IDENTITY OF PROPOSER'S REPRESENTATIVE: Chris Warner**

**PROPOSER:** Tim Davis

**SIGNATURE:** 

**POSITION:** Manager, Network Code

**COMPANY:** Transco

**MODIFICATION PANEL SECRETARY'S USE ONLY**

Reference Number: 0309

Date Received: 301198