

99/01/07/01

## **TRANSCO NETWORK CODE MODIFICATION PROPOSAL**

**TITLE** EXTENSION OF AQ AND EUC APPEAL WINDOW  
**DATE** 7 January 1999  
**URGENCY** NON - URGENT

### **MODIFICATION**

The modification is to extend the appeal window indefinitely for AQ and EUC appeals for sites being confirmed onto a shipper's portfolio.

### **PURPOSE**

The purpose of the modification is to ensure Transco's base data is maintained as accurate as possible to enable them to manage the system efficiently and demand attribution is accurate to prevent unnecessary strain on the system.

### **JUSTIFICATION**

If the modification is not implemented the existing regime will become anti-competitive or cause a confirming shipper cash-flow problems.

The existing regime assumes all AQs and EUCs will be correct from the 31 December 1998 and the customer will not change their consumption until 31 October 1999 – the next review period.

If an AQ for an NDM MPR is 3,000,000 kWh on the 1 January 1999 and the customer is looking to change supplier, a reduction in the actual consumption could prevent a move. The reduction in the AQ could be as a result of an oversight by Transco or the existing shipper during AQ98 or because the customer has dramatically reduced the actual consumption, which is particularly relevant in light of the current recession.

A new supplier will be unwilling to confirm the MPR because gas will have to be inputted into the system on a daily basis based on 3,000,000 kWh. The actual volume consumed, and the subsequent invoice to the customer, will be considerably lower than the allocated volume at demand attribution.

If the MPR is confirmed the shipper will immediately experience cash flow problems which will only be alleviated at reconciliation four weeks later. Also, the gas balancing risk will be increased as the shipper's peak day demand is incorrectly inflated, with potential exposure to SMP.

The above problem areas will lead to shippers deciding not to confirm the MPR and therefore the customer would have no choice but to stay with the existing shipper.

In consideration of the massive problems incurred during AQ97 with erroneous AQs and again for AQ98 with erroneous EUCs it seems a large assumption to make that the base data will be correct on the 31 December 1998.

By allowing confirming shippers a window to appeal base data the problems incurred with anti-competitiveness, cash-flow and balancing risk will be alleviated.

In addition, correct base data will enable Transco to manage the system efficiently and also reduce the potential problems during the annual AQ review. The base data is continually being checked and amended therefore there will be less change 'en masse' on the 1 October preventing already experienced, historical problems.

## **AREA OF CODE AFFECTED**

Transition Document Part II 7.9.3

"Subject to paragraph 7.9.6 from 15 July 1997, where a Supply Point Confirmation made in respect of a Proposed Supply Point whose Annual Quantity is not less 73,200 kWh (2,500 therms) becomes or will become effective not earlier than 16<sup>th</sup> July 1997 nor later than 30<sup>th</sup> June 1998, the Proposing User may, not later than one month after the Supply Point Registration Date nor more than 8 Business Days earlier, notify Transco that the Proposing User considers that the Annual Quantity of a Supply Meter Point or (as the case may be) variable that determines the EUC of a Supply Meter Point, comprised in the Proposed Supply Point fails to satisfy the requirement in Section G1.6.9.

The above appeal window needs to be extended indefinitely.

## **METHODOLGY**

The above clause needs to be extended indefinitely to enable a confirming shipper to appeal the base data once the site has been confirmed to be live via the Transfer of Ownership communication.

## **URGENCY**

URGENT.

The current deadline to get all AQs and EUCs correct is 31 December 1998, as stated earlier. Once past this date there is no mechanism to alter base data until 1 October 1999. Therefore this modification needs to be implemented before the 31 March 1999 to prevent anti-competitive decisions being made immediately.

Proposed .....

JEFF WELSH

Quantum Energy Distribution

Mod Proposal no : 0312

date received : 07/01/99