

**TRANSCO NETWORK CODE MODIFICATION PROPOSAL No. 0317**

**SHORT TITLE:** Smaller Supply Point ("Domestic") AQ Review for Gas Year 1999/2000

**DATE:** 2/3/99                      **PROPOSED IMPLEMENTATION DATE:** ASAP

**URGENCY:** Urgent

**JUSTIFICATION OF URGENT STATUS:**

For both commercial and IS reasons, any Network Code changes to the AQ review process should be finalised with sufficient lead time to allow the necessary functionality to be developed and all participants to familiarise themselves with the new process and procedures. Although revised AQs would not become effective until 1st October 1999, the process to establish them should commence in April.

**NATURE OF PROPOSAL:**

To develop arrangements to undertake a limited review of domestic AQs for the 1999/2000 gas year.

**Transco Proposed Values**

Transco will only propose a new meter point AQ where the current value is classed (for the purposes of this proposal) as a default value and adequate reads exist to fulfil the requirements of Section H3.2 of the Network Code. Further to the requirements of Section H, at least one of the reads used in the calculation must have been obtained after the relevant competition effective date.

The AQ values to be reviewed under this proposal are default values used during the introduction of Domestic Competition and applied to a meter point when an AQ could not be calculated. Meter points with an AQ of 1 kWh will also be reviewed. Every meter point with one of these values as an AQ will be reviewed. A complete list of the values classed as default values is appended.

**Options:**

**1) Default (AQ) Meter Points**

For any meter point with a default value as an AQ, a "Default (AQ) MP", the relevant shipper will be able to amend the proposed value or, where Transco is unable to calculate a value in accordance with this modification, the previous value. Any shipper proposed amendment must be supported by reads that fulfil the requirements of section H3.2. and, additionally,

a) for a site where Transco proposes a value, no pre-competition effective date reads, other than the one used by Transco to calculate the proposed value and provided to the shipper in the notification of provisional AQ file, will be accepted to effect an AQ amendment, and;

b) for a site where Transco could not propose a value, the reads must both relate to the period post competition effective date.

Where the shipper has been notified that a meter point AQ is eligible for review, it will only be able to change the AQ during the amendment phase of the process.

For the avoidance of doubt, the initial notification of provisional AQs and the notification required under Section G1.6.6 of the Network Code will only include meter points identified by Transco as Default (AQ) MPs.

## **2) Threshold Crossers**

The relevant shipper will also be able to amend the meter point AQ of any domestic supply meter point where it can demonstrate that the supply point AQ should be greater than 73,199kWh.

The supporting evidence required to effect a change of this nature will be either two post competitive meter reads, obtained in accordance with Section H or, where gas burning equipment has been installed in the past 24 months, a list and the consumption rating of each item of gas burning equipment on site, indicating which equipment has been installed.

Where the shipper proposes an AQ greater than 73,199kWh, it will be able to do so during both the amendment phase and the appeal phase of the AQ review process (that is up to 31/12/99).

## **3) Other Domestic Meter Points**

For any domestic meter point, other than those captured by the above two paragraphs, the shipper will not be able to propose a new AQ for domestic meter point. For such meter points, the 1998/99 AQ value will apply for gas year 1999/2000.

### **PURPOSE OF PROPOSAL:**

Transco believes it is too early to carry out a full Domestic AQ Review and that this proposal should reduce the risk to the industry of inappropriate AQs based on the limited quantity of read information that is presently available. It is believed that it will be more economic and efficient for the industry to carry out a limited review in 1999 rather than a full review of all domestic meter point AQs.

**CONSEQUENCE OF NOT MAKING THIS CHANGE:**

The Network Code contains a number of obligations which some industry players have suggested it would be inappropriate to undertake at the present time. If this proposal is not implemented a full AQ review process will be instigated. This may impose significant cost on the industry.

Transco believes that only reviewing a limited number of supply points, coupled with measures to deal with meter points that have crossed the 73,200kWh per annum threshold, will serve to cost-effectively improve the appropriateness of the AOs that will apply in the 1999/2000 gas year.

**AREA OF NETWORK CODE CONCERNED:**

Transition Document

**IDENTITY OF PROPOSER'S REPRESENTATIVE: Alan Raper**

**PROPOSER:** Tim Davis

**SIGNATURE:** 

**POSITION:** Manager, Network Code

**COMPANY:** Transco

**MODIFICATION PANEL SECRETARY'S USE ONLY**

Reference Number: