99|03|09|01

NETWORK CODE MODIFICATION PROPOSAL

SHORT TITLE: CONNECTED SYSTEM ANNUAL QUANTITY (CSAQ) UPDATES

DATE: 8 March 1999

URGENCY: Urgent

JUSTIFICATION

This proposal has been put forward to enable Shippers to notify in aggregate their Connected System Annual Quantity (CSAQ) offtake requirement directly to Transco at each individual NDM PGT CSEP (Non Daily Metered, Public Gas Transporter, Connected System Exit Point).

The current solution for CSAQ update (detailed in the NDM PGT CSEP NExA) exposes shippers to inaccurate charging and unnecessary workload.

BACKGROUND   ·

Transco are currently undertaking a review, with independent Public Gas Transporters (iPGTs), of the NDM NExA that operates between Transco and iPGTs to determine the rights and responsibilities of Transco and iPGTs inter se at the CSEP.

The Transco Network Code sets out the terms on which Shippers may arrange with Transco offtake of gas from the System at a relevant CSEP.

Likewise, the iPGT Network Code will set out the terms on which Shippers may arrange for the delivery to, and conveyance of gas across, an independent System.

It is acknowledged that the NDM PGT CSEP NExA is an appropriate vehicle for setting out the rights and responsibilities of the signatory parties inter se in respect of the physical connection characteristics and the safe management of the UK gas distribution system. To this end, the NExA should rightly contain provisions relating to, without limitation, the point or points of offtake, appropriate design standards and parameters, requirements as to the pressure at which gas is to be made available for offtake and commissioning and maintenance obligations.

However, provisions that obligate the iPGT to make CSAQ offtake notifications to Transco on behalf of Shippers are inappropriate for the following reasons:

(i)   CSEP Shippers are not signatory to the NDM PGT NExA and as such, are excluded from enforcing or amending any provision. ·

(ii)   The CSAQ offtake notifications form the basis for deeming gas flows on behalf of shippers and raising NTS/LDZ transportation invoices against shippers. As a result, shippers have the greatest incentive to ensure that the notifications are both timely and accurate so as not to incur penalty charges. The current NExA and the proposed NExA both obligate the iPGT to

make these notifications, a third party entity that has little incentive to provide accurate information.

(iii) The likely introduction of RbD for connected systems significantly impacts the importance of accurate AQ notifications.

(iv) The 'true' commercial relationship exists between the shipper and Transco by virtue of the Transco Network Code and the shipper and the relevant IPGT by virtue of the IPGT Network Code. The shipper is the common entity and its ability to manage its business should not be compromised by a document that it is neither a signatory of, nor able to directly enforce.

(v) IPGTs will not accept responsibility for the likely consequence of an inaccurate or badly timed CSAQ notification.

(vi) The current solution (which remains unchanged in the proposed NExA) introduces unnecessary complexity for shippers attempting to reconcile Transco CSEP transportation invoices with those of the IPGT.

(vii) To manage IPGT AQ notifications, Transco and IPGTs are about to initiate development of IT system functionality to support communication between Transco and IPGTs. This development (the cost of which will be recovered by transportation charges) is unnecessary and inefficient given that communication links already exist between Transco and its shippers.

CONSEQUENCE OF NOT MAKING THIS CHANGE

Shippers will remain exposed to inaccurate charging by virtue of the fact they are unable to exert any control over the CSAQ notification process.

AREA OF NETWORK CODE CONCERNED

Section G1.6 and Section J

NATURE OF THE PROPOSAL

Logical Meter Numbers – An Explanatory Aside

The NDM quantities nominated for offtake and the quantities determined (after each Day) to have been so offtaken, are determined on the same basis as is provided for in the Transco Network Code Section H

For the purposes of determining such quantities the CSEP is treated as comprising all of the Supply Meter Points in existence.

For each CSEP shipper, by end user category, there is deemed to be one NDM Supply Meter Point ("Logical Meter")

The iPGT notifies the CSAQ update to Transco by Logical Meter and the Supply Meter Point Demand is calculated on the basis that for the value of AQ (in the formula in Transco Network Code Section H2.2) the value of CSAQ by Logical Meter is substituted.

CURRENT PROCESS – NEW CSEP (GROWING UPDATE AQ)

1. The Developer approaches an iPGT for the construction of a connected system.
2. The Developer selects their preferred initial gas supplier
3. The gas supplier has a commercial relationship with a licensed gas shipper
4. The shipper accepts responsibility for the supply according to the provisions of the iPGT Network Code.
5. The iPGT will request a Logical Meter number from Transco
6. The iPGT will assign an initial AQ to each property type and as meters are connected, update Transco on a monthly basis, of the revised CSAQ by Logical Meter.
7. The CSAQ forms the basis for NDM output nominations and Transco NTS/LDZ invoicing.
8. The Shipper receives a Transco NTS/LDZ invoice based upon (6), the iPGT information, and attempts to reconcile against the iPGT invoice.

PROPOSED FUTURE PROCESS – NEW CSEP (GROWING UPDATE AQ)

1. The Developer approaches an iPGT for the construction of a connected system.
2. The Developer selects their preferred initial gas supplier
3. The gas supplier has a commercial relationship with a licensed gas shipper
4. The shipper accepts responsibility for the supply according to the provisions of the iPGT Network Code.
5. The shipper will request a Logical Meter number from Transco
6. The Shipper and the iPGT will record an industry standard initial AQ for each property type and as meters are connected, the shipper will update Transco on a periodic basis, of the revised CSAQ by Logical Meter
7. The CSAQ forms the basis for NDM output nominations and Transco NTS/LDZ invoicing
8. The Shipper receives a Transco NTS/LDZ invoice based upon (6), their own information, and can easily reconcile against the iPGT invoice.

PROPOSED FUTURE PROCESS - ESTABLISHED CSEP (STATIC AQ)

SUPPLY POINT TRANSFER

1. Proposing shipper submits supply point enquiry (to IPGT) to determine IPGT held AQ.

Aside 2: The supply point AQ may well have been amended from the industry standard on an established connected system where there is a meter reading history and the AQ more accurately reflects the occupants lifestyle characteristics.

2. Proposing shipper submits a proposed supply point registration to relevant iPGT
3. At objection deadline (SPA), the shipper requests new logical meter number (if shipper is new for CSEP) from Transco
4. iPGT communicates with existing shipper that the supply point transfer will take place on proposed supply point start date
5. CSAQ update following supply point transfer, withdrawing shipper will reduce the CSAQ nominated against their CSEP logical meter by the supply point AQ and proposing shipper will increase the level of their nomination or make a new nomination equivalent to the supply point AQ.

VALIDATION PROCESS

iPGTs will maintain records of supply point ownership and AQ. Transco through the NExA can secure access to relevant information for validation purposes and iPGTs will provide reasonable assistance to ensure that CSEP Shippers are correctly updating Transco of all relevant changes.

PURPOSE OF PROPOSAL

This proposal will ensure that provisions in the NDM PGT NExA relating to the CSAQ update process are removed and are instead replaced with appropriate drafting in the Transco Network Code providing shippers with the ability to manage their NDM output nominations in respect of CSEPs and thereby obtain greater comfort that they are timely and accurate.

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Received 9|3|99.

Reference · 0319.