

TRANSCO NETWORK CODE MODIFICATION PROPOSAL

SHORT TITLE: Removal of Isolated Only NDM Meter Points from NDM Supply Meter Point Demand.

DATE: 1 April 1999 **PROPOSED**

IMPLEMENTATION DATE: Not prior to September 1999.

URGENCY: Non-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 G3.2) 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An ‘isolated only’ meter point is a meter point which has been isolated by Transco but from which the shipper has not withdrawn.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.

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 isolated meter points should not be included in the demand attribution and allocation process and consequently attendees at the March 1999 Workstream meeting expressed their broad support for this Modification Proposal.

CONSEQUENCE OF NOT MAKING THIS CHANGE:

All isolated NDM meter points will continue to be included in the NDM demand attribution and allocation processes. The SPA/Metering Workstream has identified that this is neither economic nor efficient.

AREA OF NETWORK CODE CONCERNED:

Principal Document Section G3.4

NATURE OF PROPOSAL:

It is proposed that the Network Code is modified to establish that an NDM isolated meter point is excluded from NDM demand attribution and the allocation process.

This Modification Proposal represents a long term, sustainable, solution but cannot be implemented until the fully automated process currently under development within UK-Link is completed.

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: 0322

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