

TRANSCO NETWORK CODE MODIFICATION PROPOSAL No. 0352

SHORT TITLE: Cessation of daily metered capacity charges upon a supply point withdrawal becoming effective through isolation

DATE: 17 August 1999 **PROPOSED IMPLEMENTATION DATE:** September 1999

URGENCY: Non-urgent

NATURE OF PROPOSAL:

To remove section G3.2.3 from the Network Code which requires that shippers remain liable for LDZ capacity charges and the capacity variable component of customer charges in respect of a DM supply point following a supply point withdrawal becoming effective through isolation.

PURPOSE OF PROPOSAL:

The Network Code Section G3.2.2 currently states “Where a Supply Point Withdrawal becomes effective, by reason of Isolation of any DM Supply Meter Point comprised therein or in accordance with paragraph 3.2.6, in respect of a Supply Point which includes a DM Supply Point Component, the Withdrawing User shall continue to pay to Transco the amounts which would have been payable by the User by way of LDZ Capacity Charges and the Capacity Variable Component of Customer Charges in respect of the DM Supply Point Component if the User had continued to be the Registered User of the Supply Point, until:

- (i) the 30th September following the Day before that on which the Supply Point Withdrawal became effective, or
- (ii) if earlier, the Day before the Supply Point Registration Date in respect of a Supply Point which includes such Isolated Supply Meter Point”.

The issue of charging LDZ capacity for daily metered (DM) sites was discussed at a meeting of the SPA/Metering Workstream on 23 July 1998. Transco explained that the reason for applying certain charges to the end of the gas year, despite the supply point being isolated and withdrawn, was based on capacity charges for large sites being recouped over a twelve month period even though these were applied at the start of the year. The principle was that if a site was isolated & withdrawn mid way through the year, the charge was still payable.

The group, however, expressed concern with regard to a residual liability being incumbent on shippers who had otherwise ceased to be the registered user of a supply point and expressed the view that it would be more economic and efficient to have consistency in charging with respect to the DM and NDM regimes. It was also noted that this would in addition simplify the development of Transco and shipper systems with respect to the ‘strategic’ UK-Link solution for isolations due to be implemented in late September 1999. Transco concurred with this viewpoint

and confirmed their opinion that DM capacity charges should cease at the point of a supply point withdrawal becoming effective through isolation.

CONSEQUENCE OF NOT MAKING THIS CHANGE:

LDZ capacity charges and the capacity variable component of customer charges in respect of DM isolated and withdrawn supply points will continue to be charged to shippers to the end of the gas year despite their ceasing to be the registered user.

AREA OF NETWORK CODE CONCERNED:

Principal Document Section G3.2.3

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:0352

Date Received: