

**Draft Modification Report**  
**Amendment to the Small Supply Point AQ Process.**  
**Modification Reference Number 0454**  
Version 2.0

This Draft Modification Report is made pursuant to Rule 7.3 of the Modification Rules and follows the format required under Rule 8.9.3.

**1. The Modification Proposal**

The three areas of proposed amendment to the Small Supply Point (SSP) AQ process are;

1. Amendments to SSP Provisional AQ values to be limited to those which alter by more than 1,000 Kwh (the tolerance).
2. No tolerance to apply in instances where meter points are re-classified as Large Supply Points (LSP) following any amendment to the Provisional AQ.
3. Instances of amendments received from Users (outside of the prescribed tolerance) to be rejected by Transco.

**2. Transco's Opinion**

This Modification Proposal was raised by Transco with the objective of providing increased confidence and certainty to Users with SSP portfolios, based on Users aggregate AQ values.

The experience of some Users following the 2000 SSP AQ process, was that the potential for high volume, low value SSP AQ amendments disadvantaged their position (via the consequential RbD charging methodology, based predominately on AQs).

This issue was raised within the AQ sub-group of the SPA workstream in October 2000 and, in three subsequent meetings, the substance of the Modification proposal was agreed. Members of the AQ sub group were asked for their opinion ahead of the proposal being raised and, as a consequence, a meeting to address outstanding issues relating, has been arranged for Thursday 8 March 2001.

Transco believes that the suggested tolerance criteria suitably protects all Users, whilst allowing legitimate amendments beyond the tolerance level.

**3. Extent to which the proposed modification would better facilitate the relevant objectives**

Transco believes that this Modification Proposal provides greater certainty for Users with SSP portfolios (through a limitation of the number of potential high volume, low value AQ amendments), and as such is consistent with its PGT Licence relevant objective of securing effective competition between relevant shippers and between relevant suppliers.

**4. The implications for Transco of implementing the Modification Proposal , including  
a) implications for the operation of the System:**

No implications have been identified.

**b) development and capital cost and operating cost implications:**

Limited development costs have been identified which will ensure the tolerance criteria can be applied.

**c) extent to which it is appropriate for Transco to recover the costs, and proposal for the most appropriate way for Transco to recover the costs:**

The costs of implementing this proposal would be treated as ordinary business costs.

**d) analysis of the consequences (if any) this proposal would have on price regulation:**

None identified

**5. The consequence of implementing the Modification Proposal on the level of contractual risk to Transco under the Network Code as modified by the Modification Proposal**

Transco's contractual risk is unaltered by this Modification Proposal

**6. The development implications and other implications for computer systems of Transco and related computer systems of Users**

Transco's computer systems would require limited enhancement. Users may opt to amend their computer systems to take account of the identification of the tolerance identified by the Modification Proposal.

**7. The implications of implementing the Modification Proposal for Users**

Reduced number of SSP amendments

Increased certainty for Users in terms of their relevant User aggregate LDZ AQ positions, following SSP amendment phase.

**8. The implications of implementing the Modification Proposal for Terminal Operators, Consumers, Connected System Operators, Suppliers, producers and, any Non-Network Code Party**

None identified

**9. Consequences on the legislative and regulatory obligations and contractual relationships of Transco and each User and Non-Network Code Party of implementing the Modification Proposal**

None identified

**10. Analysis of any advantages or disadvantages of implementation of the Modification Proposal**

Advantages

Limits the opportunity for high volume, low AQ amendments to have any potential detrimental effect on other Users with SSP portfolios.

Provides greater certainty for Users in terms of anticipating their relevant AQ positions.

No restriction in terms of supply points transferring across SSP and Large Supply Point (LSP) market in amendment phase

Disadvantages

Limited system enhancement required to identify tolerance criteria when determining SSP amendments.

Precludes legitimate SSP AQ amendments less than 1,000 KwH.

**11. Summary of the Representations (to the extent that the import of those representations are not reflected elsewhere in the Modification Report)**

Representations are now sought.

**12. The extent to which the implementation is required to enable Transco to facilitate compliance with safety or other legislation**

Implementation of this proposal is not required to facilitate any such change.

**13. The extent to which the implementation is required having regard to any proposed change in the methodology established under Standard Condition 3(5) or the statement furnished by Transco under Standard Condition 3(1) of the Licence**

Not applicable

**14. Programme of works required as a consequence of implementing the Modification Proposal**

Not applicable

**15. Proposed implementation timetable (including timetable for any necessary information systems changes)**

Transco propose that this Modification Proposal should be implemented as soon as possible, to allow Users sufficient time for any required Computer system enhancements.

**16. Recommendation concerning the implementation of the Modification Proposal**

Transco recommend implementation as soon as possible.

**17. Text**

**DELETE paragraph G1.6.4 and replace with:-**

**“1.6.4 Amendment of Provisional Annual Quantity**

- (a) Following the notification of the Provisional Annual Quantity the Registered User may in the case of:-

- (i) a Smaller Supply Point where it considers that the Provisional Annual Quantity should be greater or lesser than the Provisional Annual Quantity notified by Transco by not less than 1000 kWh; or

- (ii) in respect of any Larger Supply Point; not later than 13th August in the preceding Gas Year notify Transco that it considers that the Provisional Annual Quantity does not satisfy the requirement in paragraph 1.6.6. ("User Provisional Annual Quantity")

- (b) Transco will be entitled to reject without consideration, notice or liability any notification by a User which does not comply with the requirement in paragraph 1.6.4 (a) (i).

- (c) The limitations upon notification contained in paragraph 1.6.4 (a) (i) shall not apply where the User Provisional Annual Quantity will result in a Smaller Supply Point being re-classified as a Larger Supply Point

***Representations are now sought in respect of this Draft Report and prior to Transco finalising the Report***

Signed for and on behalf of Transco.

Signature:

**Tim Davis**  
**Manager, Network Code**

Date: