

# Allocation in gas year 2008/09 to EUC Models with/without Cut-Offs

DESC - 10<sup>th</sup> November 2009

# Background

- Spring 2008 representation to proposals for 2008/09 raised the issue of EUC models flipping between having cut-offs to not having cut-offs and vice versa.
  - Consumption Band (B) EUCs were of particular concern
- Transporter response was that this was not a material effect
  - Cut-offs not permitted for 80% of all NDM load (by AQ – namely all 01B and 02B EUCs).
  - For 2008/09 only 18 of 429 EUCs “flipped”: 16 newly having cut-offs and 2 newly not having cut-offs (only 7 of 16 newly having cut-offs were in B EUCs).
  - The 18 EUCs made up about 1% of total NDM load.
  - Impact of cut-offs on NDM profiles limited to a narrow period of days during the summer months.
  - Overall change to allocation likely to be minimal (e.g. < 1% of annual allocation).
- Following representation Transporters agreed to replicate demand attribution over gas year 2008/09 for these EUCs using cut off attributes applicable in 200708

# NDM Proposals for 2009/10

- No change was made to the treatment of cut-offs in formulating the 2009/10 proposals.
- Summary of EUC models 'flipping' for 2009/10
  - 13 (out of 429) EUCs have cut-offs newly introduced and 5 EUCs have no cut-offs now but previously did.
  - These 13 and 5 EUCs respectively make up 0.63% and 0.09% of total NDM load (as at April 2009).
    - For large NDM, EUCs 9 (out of 273) EUC have cut-offs newly introduced and 5 EUCs have no cut-offs now but previously did.
    - These 9 and 5 EUCs respectively make up 0.24% and 0.09% of total NDM load.
    - For small NDM 4 (out of 156) EUC have cut-offs newly introduced and no EUCs where cut-offs previously present have been removed.
    - These 4 small NDM EUCs newly with cut-offs make up 0.39% of total NDM load.
- The issue of EUC models with cut-offs flipping remains a minor effect

# 18 EUCs Flipped Cut-Off Characteristic in 2008/09

EUC	SC	NW	WM	WN	WS	NT	SO
:E0803B	X					X	X
:E0803W02					X		
:E0803W03	O						
:E0804B		X		X			
:E0804W02					X		
:E0804W03	O						
:E0805B		X		X			
:E0805W03					X		
:E0806B		X		X			
:E0806W04						X	
:E0807W04			X				
:E0808W03		X		<del>X</del>			

Cut offs previously present but not present in 2008/09  
 Cut offs newly introduced for 2008/09  
 No supply points in EUC

- 18 EUCs flipped, of which 13 are distinct EUC models. e.g. E0803W02 & E0804W02 are the same

# AQs of 18 EUCs as % of Overall NDM AQ in Relevant LDZ

EUC	SC	NW	WM	WN	WS	NT	SO	
:E0803B	1.4%					1.8%	1.6%	
:E0803W02					0.8%			
:E0803W03	1.0%							
:E0804B		1.6%		1.3%				
:E0804W02					0.8%			%
:E0804W03	1.1%							
:E0805B		1.2%		2.1%				%
:E0805W03					0.3%			
:E0806B		1.2%		1.9%				
:E0806W04						0.2%		
:E0807W04			0.1%					
:E0808W03		0.1%		<del></del>				

- Overall the 18 EUCs AQ represents 0.99% of the total national aggregate NDM AQ
- Results of analysis comparing difference in allocation to follow...

## Difference in Allocation to 18 EUCs - GY 2008/09 (if cut-offs status remained same as in 2007/08)

EUC	SC	NW	WM	WN	WS	NT	SO
:E0803B	-0.39%					-0.08%	0.10%
:E0803W02					-0.33%		
:E0803W03	-0.33%						
:E0804B		0.19%		0.27%			
:E0804W02					-0.33%		
:E0804W03	-0.33%						
:E0805B		0.14%		-0.03%			
:E0805W03					0.27%		
:E0806B		0.33%		-0.08%			
:E0806W04						0.90%	
:E0807W04			0.22%				
:E0808W03		0.43%		<del> </del>			

**%** Cut offs previously present but not present in 2008/09

**%** Cut offs newly introduced for 2008/09

- Table represents difference expressed as a percentage of actual overall allocation to each EUC over gas year 2008/09
- Overall in aggregate the difference in allocation is 0.002%

# Summary of Conclusions

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- Analysis reveals that the flipping of EUCs from not having a cut-off to having one and vice versa, affects demand attribution only very slightly.
- This is because:
  - 80% (by AQ) of EUCs are not allowed to have cut-offs (01B and 02B bands).
  - The presence/absence of a cut-off affects allocation only over a limited period during the summer 6 months and is additionally dependent on the weather that actually prevails on those days.
  - The numbers of EUCs flipping and their AQs as a proportion of overall NDM load (and of NDM load in the relevant LDZ) is small.
- Fewer EUCs flipped in the proposals for 2009/10 than in 2008/09.
- Transporters initial view of minor impacts of cut-offs 'flipping' has been proven and therefore current approach to cut offs should be retained.