E.ON UK representation on NDM Profiling and Capacity Estimation Parameters 2009/10

In fulfilment of the UNC Transportation Principle Document H 1.8.3 Users have the ability to submit representations to the Transporters in respect of the proposed End User Categories (EUCs) and Demand Models published during June 2009. Any representation should be submitted before 15th July in the Preceding Year.

This note should be taken as the formal representation on behalf of E.ON UK in this respect.

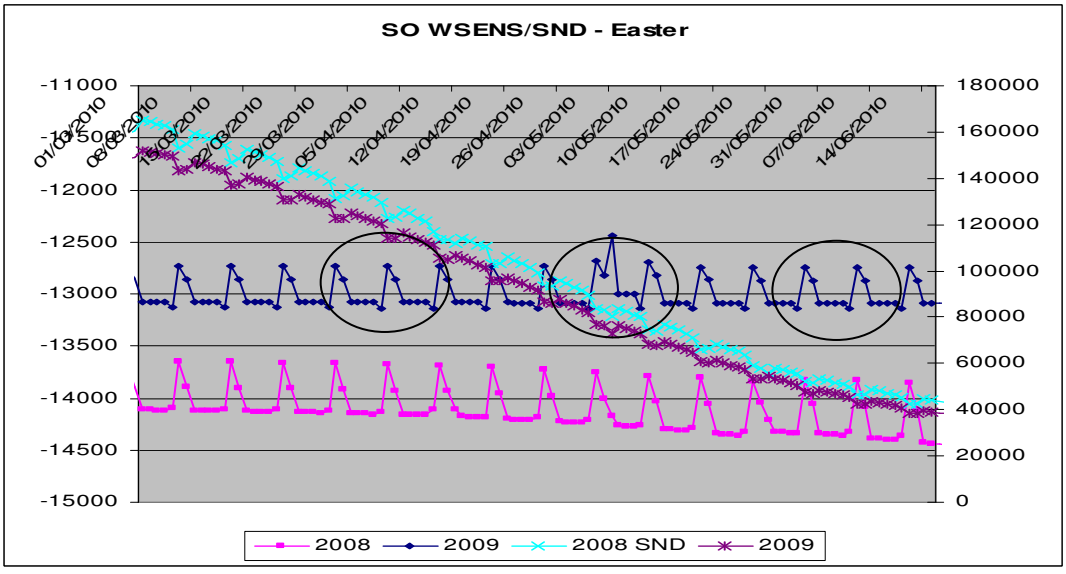
Seasonal Normal Demand

We were pleased to see the impact of Mod 204 in the improved scaling factor and allocation levels during the winter of 2008/9. It was also encouraging that analysis to support the AQ stability highlighted incorrect confirmations that could be corrected within the Gemini system (as was the case in December) as this provides some additional security towards highlighting inaccuracies within the base data that impact allocation. We were also pleased to learn that Transporters are now happy to model DAF on the same basis from October 2009 without additional modification to code. It is disappointing that Transporters did not agree implementation in time for last October as analysis through the gas year has shown a significant impact from the mismatch in ALP and DAF derivation. We have assumed that the Scaling Factor changes, which were much more significant within specific LDZs, were due in part to the DAF issue but it would be helpful if the Transporters could expand on why this was the case. Are you able to reassure the industry that this issue is unlikely to be evident during 2009/10?

We note that SND has decreased by a significant degree. Can it be confirmed whether this is due to the level of AQ reduction across the industry and when during the summer Transporters expect to produce the definitive view of SND?

Holiday Effects

Looking at the profiles there appears to be no reduction in demand for Easter in EA, SE, SO and SW LDZs. An example is shown below:

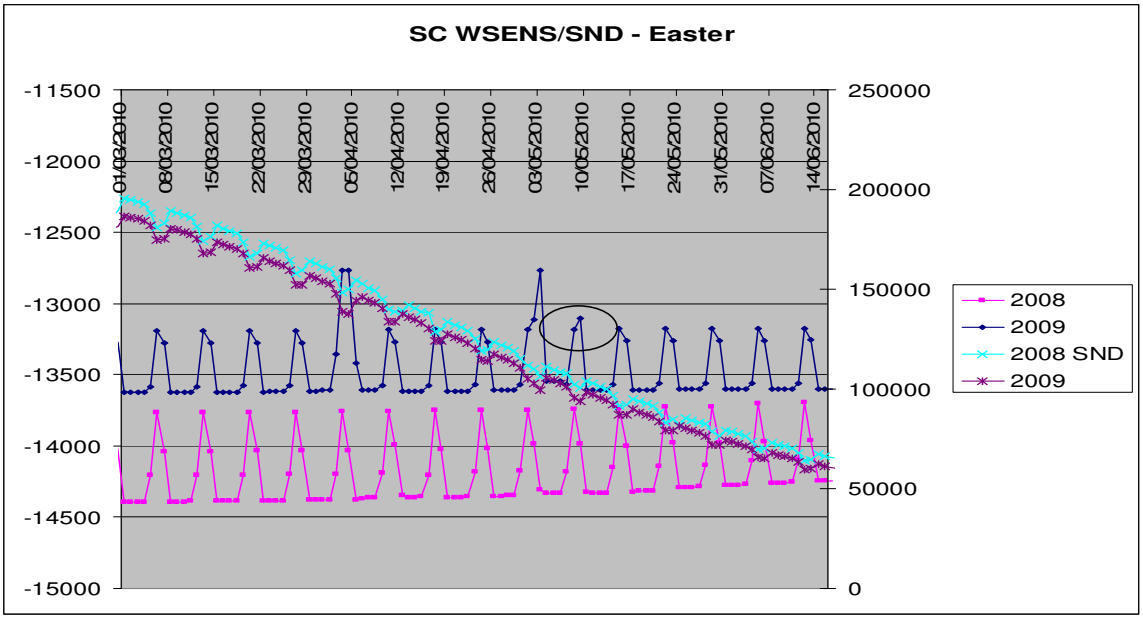


While WN is showing an unusually long 2 week Easter impact.

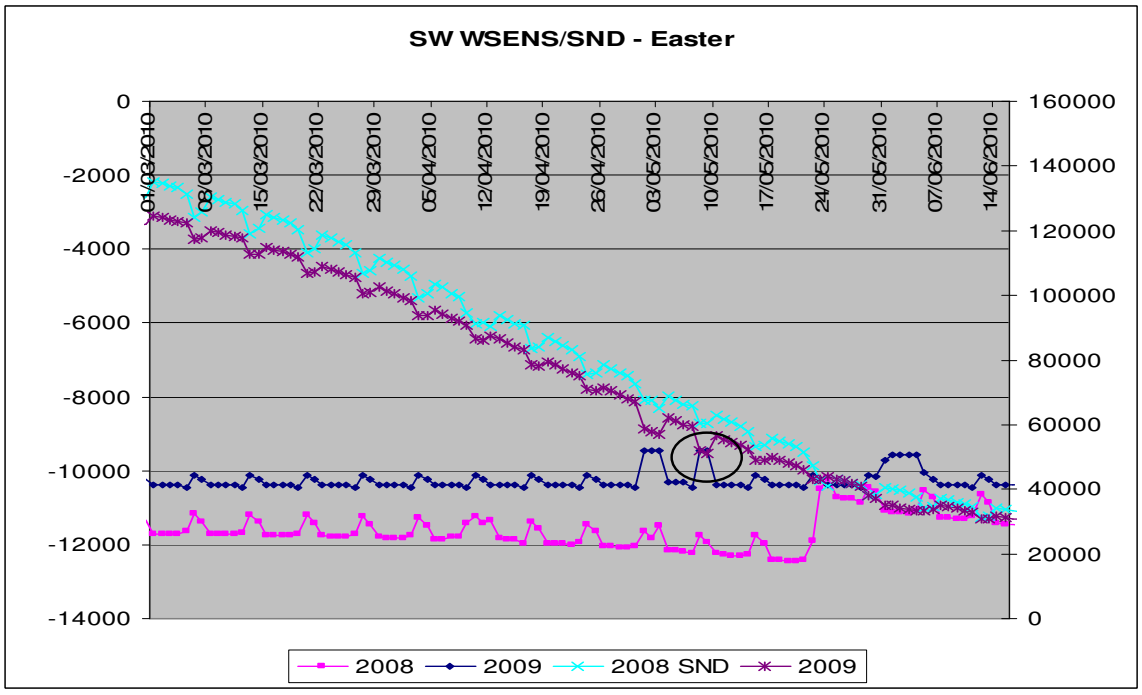
In addition SC, SO and WN show no evidence of a late May bank holiday reduction and WN is also missing an August bank holiday reduction. Perhaps Transporters can explain why these reductions are not present and why no LDZ shows evidence of the Christmas 28th December bank holiday that we would expect to be present in the profiles?

Day of Week Relationship

We are concerned that the relationship between Saturday and Sunday demand changes are not consistent across the year. A number of LDZ have changes through various months of the year where Saturdays are higher than Sunday for some months and the relationship then reverses in other months. Additionally, in the example below the relationship appears to change for one weekend.



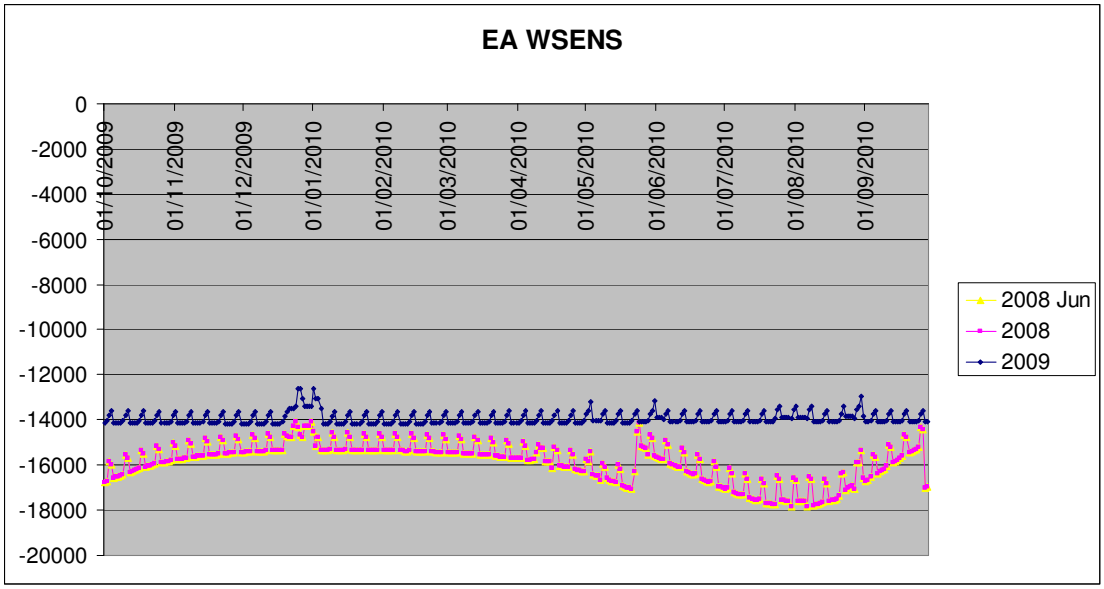
In the example below the weekend reduction for middle of May appears to replicate the early May bank holiday – we would appreciate an explanation for this effect.



We would also appreciate an explanation over the significant reduction in weekday to weekend sensitivity in NT (down from 4% to 1%), SW (down from 3% to 1.5%) and WN (down from 11% to 5%).

WSENS shape changes

There are some notable differences in shape to the WSENS values from those seen last year. We would appreciate some explanation as to why the sensitivities have changed from those issued last year, both in the overall level and seasonal pattern and also in the weekend sensitivities across Saturday relative to Sunday.



We note with concern that some of the impacts being highlighted in this representation have been raised in previous years.

We would also appreciate some detail on how much of the change in ALP shape, notable smoothing across shoulder months is evident this year, is due to full implementation of Mod 204 and how much is due to changes in the underlying data.

Seasonal Normal Weather

While the change to the definition of seasonal normal will not impact this latest set of proposals we were pleased with the consensus across the industry towards using EP2 data. The proposal has highlighted a disconnect in responsibility (Transporters) and impact (Shippers) that we would like to see xoserve manage better over the next year towards implementation. The process to achieve the latest modification saw concern from Transporters about responsibility within code resting with them and data being supplied from elsewhere – we would be interested to hear xoserve views about how to improve this mismatch going forwards.

Demand Estimation Review

We noted concern in last year's representation that the level of understanding across Transporter organisations in this area was less than ideal and is impacting the speed with which decisions can be made in this area. We understand that the impact is greatest for Shipper organisations, as we directly feel the impact of allocation and reconciliation. Given the issues and discussions raised as part of the seasonal normal

weather review it suggests to us that responsibility is weighted inappropriately toward Transporters who have less impact from this area. We have also raised a number of inaccuracies with profiles in the past three years representations, each time the response has conceded the flaws but maintained the view that there was not time to make corrections. This suggests that the consultation process is not a true consultation, nor is it aimed at improving the profiles.

We would appreciate a Transporter response on the idea of a fuller review in this area over shared responsibility across the industry. Concerns over responsibility for definition of an appropriate seasonal normal weather and over timing allowed for representations could be assessed with a view to defining a more appropriate schedule and level of responsibility.