

### **CODE MODIFICATION PROPOSAL No 0328**

Proposal to amend Annex A of the CSEP NExA by replacing the current version of the AQ Table

#### **Version 1.0**

**Date:** 06/08/2010

**Proposed Implementation Date:** ASAP

**Urgency:** Non Urgent

## **1 The Modification Proposal**

### **a) Nature and Purpose of this Proposal**

The purpose of this Modification is to facilitate an amendment to the CSEP NExA, Annex A Part 8 by replacing the current published version of the AQ Table with the version inserted below.

IGTs are required to adopt the AQ values present within the NExA AQ Table for the purpose of calculating domestic transportation charges through the Relative Price Control (RPC) Charging Methodology. The AQ values represent a reasonable estimate of the value of gas consumed in accordance with house type and geographical location. Periodically the values within the AQ Table are reviewed. The last review of the AQ Table was undertaken following the iGT AQ Review 2004/05 and the required changes to the AQ Table were implemented through Ofgem approval of Modification 75.

Revised SND data will be applied to all AQ values effective from 1/10/10. It is therefore reasonable to expect the AQ values contained within the CSEP NExA AQ Table be amended to take account of seasonal changes.

From the information published by xoserve on 4<sup>th</sup> August 2010, ScottishPower has calculated and applied an average AQ Conversion Ratio, based on the sum of conversion factors for EUC 01B by LDZ within a Geographical Area i.e. South, Average and North as displayed within the CSEP NExA Table. The revised AQ Table is as undernoted:

<b>Estimated Average Annual Gas Consumption for New Build Dwellings in the UK</b>							
<b>NExA AQ Values Effective from</b>							
<b>Band</b>	<b>House Type</b>	<b>South SW, NT, WS, SO (92%)</b>		<b>Average WN, SE, NW, EA, EM, WM, NE (0%)</b>		<b>North NO, SC (108%)</b>	
		<b>AQ (kWh)</b>	<b>TPA</b>	<b>AQ (kWh)</b>	<b>TPA</b>	<b>AQ (kWh)</b>	<b>TPA</b>
<b>A</b>	<b>1 Bed</b>	<b>8,431</b>	<b>288</b>	<b>9,156</b>	<b>312</b>	<b>9,646</b>	<b>329</b>
<b>B</b>	<b>2BF, 2BT</b>	<b>10,176</b>	<b>347</b>	<b>10,766</b>	<b>367</b>	<b>11,105</b>	<b>379</b>
<b>C</b>	<b>2BS, 2BD, 3BT, 3BF</b>	<b>12,550</b>	<b>428</b>	<b>12,926</b>	<b>441</b>	<b>13,578</b>	<b>463</b>
<b>D</b>	<b>3BS, 2BB</b>	<b>13,724</b>	<b>468</b>	<b>13,959</b>	<b>476</b>	<b>15,118</b>	<b>516</b>

<b>E</b>	<b>3BD, 3BB</b>	<b>15,477</b>	<b>528</b>	<b>16,530</b>	<b>564</b>	<b>18,820</b>	<b>642</b>
<b>F</b>	<b>4BD, 4BT, 4BS</b>	<b>18,961</b>	<b>647</b>	<b>20,248</b>	<b>691</b>	<b>21,612</b>	<b>737</b>
<b>G</b>	<b>5BD, 5BS, 6BD</b>	<b>26,855</b>	<b>916</b>	<b>28,694</b>	<b>979</b>	<b>29,696</b>	<b>1,013</b>

For information a Modification has been raised to the iGT UNC to replace the current published CSEP AQ Table with the revised version.

**b) Justification for Urgency and recommendation on the procedure and timetable to be followed (if applicable)**

N/A

**c) Recommendation on whether this Proposal should proceed to the review procedures, the Development Phase, the Consultation Phase or be referred to a Workstream for discussion.**

This Modification Proposal should proceed directly to consultation.

**2 User Pays**

**a) Classification of the Proposal as User Pays or not and justification for classification**

N/A

**b) Identification of Users, proposed split of the recovery between Gas Transporters and Users for User Pays costs and justification**

N/A

**c) Proposed charge(s) for application of Users Pays charges to Shippers**

N/A

**d) Proposed charge for inclusion in ACS – to be completed upon receipt of cost estimate from xoserve**

N/A

**3 Extent to which implementation of this Modification Proposal would better facilitate the achievement (for the purposes of each Transporter's Licence) of the Relevant Objectives**

**Standard Special Condition A11.1 (a): The efficient and economic operation of the pipe-line system to which this licence relates:**

Increased accuracy within the AQ values contained within the CSEP NExA AQ Table will improve the estimation of the amount of gas which is offtaken at the CSEP and subsequent energy allocation to Shippers over the gas pipeline. This in turn will result in increased accuracy of costs.

**Standard Special Condition A11.1(b): so far as is consistent with sub-paragraph (a), the coordinated, efficient and economic operation of :**

- (i) The combined pipe-line system, and/or**
- (ii) The pipe-line system of one or more other relevant gas transporters;**

Increased accuracy within the AQ values contained within the CSEP NExA AQ Table will improve the estimation of off-take quantities at the CSEP.

**Standard Special Condition A11.1 (c): so far as is consistent with sub-paragraphs (a) and (b), the efficient discharge of the licensee's obligations under this licence;**

Implementation would not be expected to better facilitate this relevant objective.

**Standard Special Condition A11.1(d): so far is consistent with sub-paragraphs (a) to (c) the securing of effective competition:**

- (i) Between relevant shippers;**
- (ii) between relevant suppliers; and/or**
- (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers;**

Increased accuracy of AQ values will result in improved allocation of energy and costs between Shippers.

**Standard Special Condition A11.1 (e): so far as is consistent with sub-paragraphs (a) to (d), the provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards... are satisfied as respects the availability of gas to their domestic customers;**

Implementation would not be expected to better facilitate this relevant objective.

**Standard Special Condition A11.1 (f): so far as is consistent with sub-paragraphs (a) to (e), the promotion of efficiency in the implementation and administration of the network code and/or the uniform network code;**

Implementation would not be expected to better facilitate this relevant objective.

#### **4 The implications of implementing this Modification Proposal on security of supply, operation of the Total System and industry fragmentation**

N/A

- 5        The implications for Transporters and each Transporter of implementing this Modification Proposal, including:**
- a)        **The implications for operation of the System:**  
N/A
  - b)        **The development and capital cost and operating cost implications:**  
N/A
  - c)        **Whether it is appropriate to recover all or any of the costs and, if so, a proposal for the most appropriate way for these costs to be recovered:**  
N/A
  - d)        **The consequence (if any) on the level of contractual risk of each Transporter under the Uniform Network Code of the Individual Network Codes proposed to be modified by this Modification Proposal**  
N/A
- 6        The extent to which the implementation is required to enable each Transporter to facilitate compliance with a safety notice from the Health and Safety Executive pursuant to Standard Condition A11 (14) (Transporters Only)**  
N/A
- 7        The development implications and other implications for the UK Link System of the Transporter, related computer systems of each Transporter and related computer systems of Users**  
N/A
- 8        The implications for Users of implementing the Modification Proposal, including:**
- a)        **The administrative and operational implications (including impact upon manual processes and procedures)**  
N/A
  - b)        **The development and capital cost and operating cost implications**  
N/A
  - c)        **The consequence (if any) on the level of contractual risk of Users under the Uniform Network Code of the Individual Network Codes proposed to be modified by this Modification Proposal**  
N/A

- 9        The implications of the implementation for other relevant persons (including, but without limitation, Users, Connected System Operators, Consumers, Terminal Operators, Storage Operators, Suppliers and producers and, to the extent not so otherwise addressed, any Non-Code Party)**
- The revised AQ values will require to be adopted for charging of transportation charges by iGTs.
- 10       Consequences on the legislative and regulatory obligations and contractual relationships of the Transporters**
- N/A
- 11       Analysis of any advantages or disadvantages of implementation of the Modification Proposal not otherwise identified in paragraphs 2 to 10 above**
- Advantages**
- Disadvantages**
- 12       Summary of representations received as a result of consultation by the Proposer (to the extent that the import of those representations are not reflected elsewhere in this Proposal)**
- 13       Detail of all other representations received and considered by the Proposer**
- 14       Any other matter the Proposer considers needs to be addressed**
- 15       Recommendations on the time scale for the implementation of the whole or any part of this Modification Proposal**
- ASAP following amendment of the CSEP NExA.
- 16       Comments on Suggested Text**
- No legal text is required to implement this Modification Proposal
- 17       Suggested Text**
- No legal text is required to implement this Modification Proposal.

**Code Concerned, sections and paragraphs**

Section J, 6.4.1

Uniform Network Code

Transportation Principal Document

**Section(s)**

**Proposer's Representative**

*Marie Clark* (ScottishPower Energy Management)

**Proposer**

*Marie Clark* (ScottishPower Energy Management)