

CODE MODIFICATION PROPOSAL No. 018

Transitional arrangements for the review and calculation of Annual Quantities for Gas Years 2005/6, 2006/7, 2007/8, and 2008/9

Version 1.0

Date: 05/05/2005

Proposed Implementation Date: 01/06/2005

Urgency: Urgent

Proposer's preferred route through modification procedures and justification for Urgency (if applicable)

Urgent procedures are sought given the requirement for the relevant UNC provisions to be in place and effective by 1st June 2005.

Nature and Purpose of Proposal

Modification of the Uniform Network Code (UNC) is required to provide that:

1. for Gas Years 2005/6, 2006/7, 2007/8 and 2008/9, for the purposes of calculating Smaller Supply Meter Point AQs, no Valid Meter Reading provided to Transco prior to 30th September 2002 be used for the purposes of calculating an AQ in accordance with Section H3.2.
2. for Gas Year 2005/6, the dates identified within Sections G1.6.3 and G1.6.4(a) be amended to 7th June 2005 and 20th August 2005 respectively.

If this Proposal were not implemented it would not be possible for Relevant Transporters or Users to adhere to the provisions relevant to the existing AQ review timescales which are currently reflected within the UNC.

Basis upon which the Proposer considers that implementation of the Modification proposal would better facilitate the achievement of the Relevant Objectives

Transco raised Network Code Modification Proposal 0739 'New Seasonal Demand Derivation and Associated AQ Impacts' on 10 January 2005 for the purposes of creating an opportunity for gas transporters to be able to apply a change to the seasonal normal basis within the annual review of Annual Quantities (AQs).

Implementation of the Proposal would permit the use of revised Weather Adjusted Annual Load Profiles (WAALP) in recalculating AQs during the annual review including

those not normally revised due to insufficient meter reading history being available. This requirement and the supporting methodology was identified and developed by the Demand Estimation Sub-Committee (DESC) and is broadly supported by the industry.

The Final Modification Report for the above Modification Proposal has been submitted to Ofgem and is awaiting direction.

Transco has now engaged in discussion with Users with regard to the process and systems changes which would be required to facilitate implementation in the event that such direction is received from Ofgem. During the course of Transco's analysis, two issues have been identified which require transitional changes to the Uniform Network Code (UNC). This is required to ensure clarity with respect to the conditions under which the AQ review is intended to perform.

The changes and rationale are described as follows:

1. The DESC identified that it would only be feasible to compute revised WAALP values from 1st October 2002 onwards: i.e. for the gas years 2002/03, 2003/04 and 2004/05. AQs computed from Meter Readings received prior to this date would consequently be subjected to 'old' WALPs and would therefore be unsuitable for use in the derivation of AQs.

Section H3.2.3 of the UNC identifies that the commencement of the Relevant Metering Period for the calculation of an AQ is no more than 3 years prior to the 'target opening date' which is approximately 1 year prior to the 'ending Meter Read'. The 'ending Meter Read' is the latest Valid Meter Read received by the Transporter before 10th August of the preceding Gas Year. This latest Valid Meter Read may have been received by the Transporter at a maximum period of two years prior to that date, being the longest period possible in between NDM 'cyclic' readings defined within the Uniform Network Code Section M3.5.1.

Transitional Modification of the UNC is therefore necessary to ensure that any Meter Readings recorded by Transporters prior to 1st October 2002 are not used for the purposes of calculating AQs. In this event, transporters would utilise the AQ applied during the Preceding Year in accordance with Section H3.1.2 (which would be subjected to the 'new basis' WAALPs in accordance with the methodology identified within Modification Proposal 0739).

These provisions are appropriate to Gas Years 2005/6, 2006/7, 2007/8 and 2008/9. This is in view of the requirement to ensure that all relevant scenarios are captured.

2. Section G 1.6.3 identifies that for Smaller Supply Meter Points, the Relevant Transporter is required to provide details of Provisional Annual Quantities with supporting data to Users by 31st May in the preceding Gas Year. Section G1.6.4(a) identifies that no later than 13th August in the preceding Gas Year, Users have an opportunity to challenge the accuracy of the Provisional Annual Quantity.

During the course of preparatory analysis, Transco has identified that the timescales associated with loading and applying 'new basis' WAALPs to the Supply Point Register is technically challenging and open to risk associated with 'tight timescales'. Transco therefore recommends that to enable an acceptable contingency, a 5 Business Day delay to the start date of the AQ review process (being the notification of provisional AQs to Users) would be prudent. For the purposes of ensuring that there is no compromising the 'window' for Users to assess the suitability of the provisional values, a corresponding 5 Business Day delay in the 'close out' for receipt by the Relevant Transporter of requests for AQ amendment would also be necessary.

It is therefore proposed that for the Gas Year 2005/6 only, revised dates, being 7th June 2005 and 20th August 2005 respectively be applied.

Transco believes that the measures identified within this UNC Modification Proposal further the GT Licence 'code relevant objective' of facilitating the efficient and economic operation by the licensee of its pipe-line system.

Further information - likely impact on systems, processes or procedures, implementation timescales and suggested text

This UNC Modification Proposal facilitates the ability for Relevant Transporters to conduct the AQ Review which is undertaken by xoserve in accordance with the Network Code. No changes to relevant processes, procedures and systems are required to enable its implementation.

The suggested text for this Proposal is as follows:

Section H: Demand Estimation and Demand Forecasting

Amend paragraph 3.2.3 as follows:

3.2.3 "The starting Meter Read shall be...

(b) subject to...opening date.

Provided always that the starting Meter Read shall be no earlier than 1 October 2002"

3.2.4 If there was no Valid Meter Read...ending Meter Read, or the first Valid Meter Read after the target opening date was earlier than 1 October 2002, paragraph 3.1.2 shall apply."

Transition Document Part IIC

Insert new paragraph 1.1.3(a) as follows:

1.1.3(a) In respect of gas year commencing 1 October 2005 only, the relevant date (in respect of Smaller Supply Meter Points) contained within Transportation Principal Document paragraph G1.6.3 shall be 7 June.

Insert new paragraph 1.1.3(b) as follows:

1.1.3(b) In respect of gas year commencing 1 October 2005 only, the relevant date contained within Transportation Principal Document paragraph G1.6.4(a) shall be 20 August.

Code Concerned, sections and paragraphs

UNC Transportation Principal Document Section H3.2.3 and H3.2.4
UNC Transition Document Part IIC.

Proposer's Representative Chris Warner

Proposer Declan McLaughlin

Signature

.....