

CODE MODIFICATION PROPOSAL No. 0075

"Proposal to amend Annex A Part 8 of the Connected System Exit Point (CSEP) Network Exit Agreement (NExA) by replacing the current version of the AQ Table with a revised Table to account for movements in AQ values as a result of the AQ Review 2004/05"
Version 1.0

Date: 07/03/2006

Proposed Implementation Date:

Urgency: Non-Urgent

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

(see the criteria at http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/2752_Urgency_Criteria.pdf)

This issue has been discussed extensively at the Distribution Workstream. It is proposed that it should now proceed directly to Consultation.

Nature & Purpose of Proposal (including consequence of non implementation)

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.

Under Annex A, Part 1 of the NExA, iGTs are required to undertake an AQ Review for all Larger and Smaller Supply Points, the procedure following the same process and timescales as those applied by Large Gas Transporters in accordance with the Uniform Network Code.

Following the completion of an AQ Review, analysis of the AQ values present within the AQ Table is performed to ensure that they remain fit for purpose and a reasonable estimate of the value of gas consumed in accordance with house type and geographical location.

A review of the AQ values present was undertaken by the Gas Forum iGT Workgroup and as a consequence of this review, a revised AQ Table has been produced. General consensus has been reached between iGTs and Shippers that Annex A, Part 8 of the NExA should be amended and that the current AQ Table should be replaced with the revised version.

A copy of the AQ Table which it is proposed should replace that presently within the NExA is attached.

Section J 6.4 of the UNC provides that

“The Transporter will not agree with the Connected System Operator to amend any provision of CSEP Network Exit Provisions which governs or otherwise is directly relevant to the arrangements between the Transporter and Users pursuant to the Code except:

(a) in the case where the Connected System Operator is a Gas transporter, by way of modification pursuant to the Modification Rules (subject to paragraph 6.4.3), for which purposes the relevant provision of the CSEP Network Exit Provisions shall be deemed to form a part of the Code;”

This Modification Proposal has been raised in order to facilitate the proposed change to the NExA in accordance with this obligation.

ESTIMATED AVERAGE ANNUAL GAS CONSUMPTION FOR NEW BUILD DWELLINGS IN THE UK							
NExA AQ Values Effective from.....							
Band	House Type	South SW, NT, WS, SO (92%)		Average WN, SE, NW, EA, EM, WM, NE (0%)		North NO, SC (108%)	
		AQ (kWh)	TPA	AQ (kWh)	TPA	AQ (kWh)	TPA
A	1 Bed	8,815	301	9,585	327	10,127	346
B	2BF, 2BT	10,639	363	11,270	385	11,659	398
C	2BS, 2BD, 3BT, 3BF	13,120	448	13,530	462	14,255	486
D	3BS, 2BB	14,348	490	14,611	499	15,871	542
E	3BD, 3BB	16,180	552	17,303	590	19,758	674
F	4BD, 4BT, 4BS, 4BB	19,823	676	21,195	723	22,690	774
G	5BD, 5BS, 6BD	28,077	958	30,035	1,025	31,176	1,064

Basis upon which the Proposer considers that it will better facilitate the achievement of the Relevant Objectives, specified in Standard Special Condition A11.1 & 2 of the Gas Transporters Licence

Implementation of this Proposal should help to ensure that the AQ values related to CSEPs are more accurately recorded, such that Transportation Charges are more appropriately apportioned and levied. By improving cost reflectivity, implementation would be expected to better facilitate the securing of effective competition between relevant Shippers.

Any further information (Optional), likely impact on systems, processes or procedures, Proposer's view on implementation timescales and suggested legal text

No legal text is required to implement this Modification Proposal within the UNC.

Code Concerned, sections and paragraphs

Section J, 6.4.1

Proposer's Representative

Steve Gordon (Scottish Power)

Proposer

Marie Clark (Scottish Power)

Signature

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