

CODE REVIEW PROPOSAL No 0157
“Review of IGT Settlement and Reconciliation Arrangements”
Version 1.0

Date: 10th July 2007

Nature and Purpose of Proposal

Further to recent discussions which have been undertaken via the Ofgem IGT CSEP NExA Group, it is evident that a clearer focus and a more structured approach needs to be undertaken to appropriately identify and address the issues that the industry currently faces relating to the existing IGT Settlement and Reconciliation arrangements.

Five of the six large RbD Shippers have recently completed an analysis of February 2007 transportation invoices received from both IGTs and xoserve (on behalf of the DNs).

The output from this analysis is detailed below and shows a total industry mismatch, between the number of supply points invoiced by IGTs and the number of supply points invoiced by xoserve, of 47,700.

Shipper Name	Total No. of iGT Supply Points	Aggregate Total of Supply Points per xoserve CSEP Invoice	Difference
A	79,771	76,619	3,152
B	209,670	200,303	9,367
C	197,057	186,857	10,200
D	164,153	149,234	14,919
E	155,174	145,112	10,062

As the 47,700 are supply points which are not known to xoserve, the energy associated with these supply points are not being included within any xoserve reconciliation activity and the associated costs are subsequently being picked up by RbD Shippers. The financial value of this exposure is material in its nature and requires urgent attention and resolution.

There are a number of processes which are believed to play a contributory role to the problems Shippers face with the existing settlement and reconciliation arrangements, these include:

- Provision of weekly IGT CSEP Update files to xoserve
- Nested CSEP's
- I&C CSEP Reconciliation
- IGT AQ Review Process

- Use of appropriate NExA AQ Value tables
- General NExA contractual issues

The purpose of this Review Proposal is to:

- establish a Review Group to review in detail, the existing industry arrangements
- identify and analyse the issues which impact their efficient and effective operation
- identify and develop appropriate solutions to rectify the issues identified
- develop any contractual changes as required

The Review Group should ensure that all appropriate governance arrangements are considered including: the Uniform Network Code, the IGT Uniform Network Code, CSEP NExA Agreements and any other ancillary documents or agreements.

Any other information (Optional)

Within a recently issued paper titled: 'CSEP NExA Issues – Ofgem Way Forward Proposals', Ofgem stated '*...we would strongly encourage the parties to establish a work/review group to take this issue forward.*'

By the end of 2007, it is anticipated that the total number of connected IGT supply points will be close to 1m, with future growth anticipated to continue to be in excess of 100,000 new connections per annum.

It is essential that all market participants are involved in the resolution of this issue and it is crucial that this issue is formally placed on the radar of all appropriate industry governance arrangements. Therefore an identical Review Proposal has also been raised against the IGT Uniform Network Code.

It is recommended that a cross industry Review Group is established, with an appropriate Terms of Reference and is facilitated by the Joint Office of Gas Transporters.

Code Concerned, sections and paragraphs

The Uniform Network Code, the IGT Uniform Network Code, CSEP NExA Agreements and any other ancillary documents or agreements.

Proposer's Representative

Chris Wright
British Gas Trading Ltd

Proposer

Chris Wright
British Gas Trading Ltd