

**Terms of Reference – V1.0**  
**UNC Modification Reference Number 0209**  
**Rolling AQ**

## **Purpose**

Building on the work of Review Group 0177 “Rolling AQ Review” this Development Work Group will seek to develop Modification Proposal 0209 in sufficient detail for that Proposal to proceed directly to consultation.

## **Background**

The current AQ process has been operating in much the same form and timescales since inception of Transco’s Network Code. The annual AQ review was originally introduced for Larger Supply Points (LSP) but extended to cover Smaller Supply Points (SSP) for October 2000.

The AQ value assigned to each Supply Point is a fundamental piece of information. It forms the basis of much of the day to day operation of the gas industry from capacity planning, energy balancing, charging and reconciliation. The accuracy of the information is therefore of great importance to User and Transporter alike. Under the current review process the AQ being used as a proxy for future demand can be as much as 18 months old at the time it is used. Where consumption is changing this provides a significant commercial risk to shippers and transporters. This has been particularly evident over the gas years since 2005 where reductions in domestic demand as a reaction to high prices are still feeding through to SSP AQ.

Output from Review Group 0177 provided a straw man model for rolling AQ. This Development Work Group will seek to obtain and agree the additional details not included within the straw man so that the associated Proposal may proceed to consultation.

## **Scope and Deliverables**

The Group is asked to:

1. Confirm or amend the straw man model provided for Review Group 0177 and resolve the remaining issues identified within this straw man.
2. Carry out the following assessments of implementation:
  - a. Costs and benefits (including those below);
    - i. If carried out prior to UK Link replacement
    - ii. If carried out as part of UK Link replacement
  - b. Systems impacts ( for the two alternatives outlined above);

- c. Risk impact for Users and Transporters;
  - d. Impact on greenhouse gas emissions (if any);
  - e. Impact on xoserve User Pays services; and
  - f. Impact on Independent Gas Transporters.
  - g. Timing impacts for Users and Transporters
3. Develop and agree Detailed Business Rules for rolling AQ.
  4. Proposal that includes, as appropriate, the outcome of the above and suggested legal text, if available.

A Development Work Group Report will be produced in the required format that reflects the revised Proposal.

### **Limits**

The Development Work Group will consider changes required to the following:

- Uniform Network Code (including UNC Related Documents)
- UK Link

### **Composition**

The Development Work Group will comprise the following representation:

<b>Name</b>	<b>Organisation</b>
John Bradley (Chair)	Joint Office
Mike Berrisford (Secretary)	Joint Office
Sallyann Blackett (Proposer)	E.ON UK
Christian Hill	RWE Npower
Dawn Jarvis or Eleanor Laurence	EDF Energy
Denis Aitchison	Scotia Gas Networks
George Glenn	ScottishPower
Joanna Ferguson	Northern Gas Networks
Karen Kennedy	ScottishPower
Mark Jones	SSE
Paul Edwards	GTC Pipelines
Phil Lucas	National Grid UKD
Richard Street or Mark Darby	Corona Energy
Simon Howe	RWE Npower
Simon Trivella	WWU
Stefan Leedham	EDF Energy
Steve Nunnington	xoserve
Steve Taylor	Centrica

*\* In addition, various industry experts will be invited by the representatives to attend as necessary, including xoserve specialists*

A Development Work Group meeting will be quorate provided at least 2 Transporter and 2 User representatives are present.

### **Information Sources**

- Uniform Network Code – Sections (to be identified).
- GT, Shipper and Supplier Licences.
- Gas Act.
- Various Industry legislation as appropriate – may include reference to:
  - Gas Safety (Installation and Use) Regulations.
  - Gas Safety (Management) Regulations.
  - Industry Codes of Practice as relevant.

### **Timetable**

It is proposed that a total period of 6 months be allowed to conclude this work.

- Frequency of meetings – monthly. The frequency of meetings will be subject to review and potential change by the Development Work Group.
- A work plan has been produced and accompanies this document
- Meetings will be administered by the Joint Office and conducted in accordance with the Chairman's Guidelines.