

## Stage 03: Draft Modification Report

# 0481:

## Amendment to AQ Values Present Within Annex A of the CSEP NExA AQ Table Following the 2013 AQ Review

Update the AQ table in CSEP NExA, Annex A Part 8 to reflect more up to date information produced following the 2013 AQ Review



Responses invited by 21 March 2014.



High Impact:  
None



Medium Impact:  
Users (Shippers), iGTs and DNOs



Low Impact:  
None

At what stage is this document in the process?



0481

Draft Modification Report

20 February 2014

Version 1.0

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## About this document:

This Draft Modification Report is issued for consultation responses, at the request of the Panel on 20 February 2014. All parties are invited to consider whether they wish to submit views regarding this modification.

The close-out date for responses is 21 March 2014, which should be sent to [enquiries@gasgovernance.co.uk](mailto:enquiries@gasgovernance.co.uk). A response template, which you may wish to use, is at: [www.gasgovernance.co.uk/0481](http://www.gasgovernance.co.uk/0481).

The Panel will consider the responses and agree whether or not this modification should be made.



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# 1 Summary

## Is this a Self-Governance Modification?

This Modification Panel determined that this is not a self-governance as it will have a material impact on competition and affect iGTs' revenue.

## Why Change?

There has been no change to the CSEP NExA AQ table values since 2012 which was based on data from the AQ review of 2010. Analysis illustrates that the AQ values have moved to such a level that the current table requires update with more accurate and up to date information.

The CSEP NExA values are fixed, and are the basis of the Transportation charges issued by the iGTS. The iGT transportation charges are not affected by changes in the AQ following the review process. It is, therefore, imperative that these values reflect any changes in the market.

## Solution

It is proposed that the current CSEP NExA AQ Table is updated with up to date values, as produced following the publication of the AQ review of 2013. This table is produced each year as a result of the implementation of modification iGT030, and is detailed in section 2.

## Relevant Objectives

### d) Securing of effective competition

The increased accuracy of AQ values should result in improved allocation of energy and costs between Shippers and therefore promote effective competition.

## Implementation

No implementation timescales are proposed. However, it would be preferable if this modification were implemented by 01 September 2014.

No implementation costs have been identified, other than those to update the table and any are expected to be very low.

## 2 Why Change?

### Values in the CSEP NExA are not Reflective of Current AQ Levels

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 Large and Small Supply Points, the procedure following the same process and timescales as those applied by Large Gas Transporters in accordance with the Uniform Network Code. However, the movement in any AQs following a review do not change the iGT charging (as this is set on the basis of the CSEP NExA table).

Annually, 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.

#### Modifications iGT030, iGT040V and UNC0328

As a result of the implementation of iGT030 a revised table of AQ values is produced each year. However, there is no automatic mechanism to update the revised AQ Table into the CSEP NExA. The table produced following this year's AQ review shows that, on average, AQ values within the CSEP NExA are now more than 7.6% higher, on a weighted average basis, than those produced following this year's AQ review. The last update was made as a result of the implementation of modifications iGT040V and UNC0328.

A copy of the AQ Table which it is proposed should replace that presently within the NExA is provided in section 3.

The methodology used by all iGTs in the calculation of the revised AQ values was the same as for modifications iGT040V and UNC0328 and is detailed in appendix 1.

In terms of the volume of mprns included in the calculation, this is included in the table below

Band	House Type	South SW, NT, WS, SO		Average WN, SE, NW, EA, EM, WM, NE (0%)		North NO, SC	
		AQ (kWh)	Number	AQ (kWh)	Number	AQ (kWh)	Number
A	1 Bed	5,565	27,055	6,127	32,173	6,892	5,754
B	2BF, 2BT	7,048	93,080	7,387	144,624	8,214	34,073
C	2BS, 2BD, 3BT, 3BF	9,758	52,915	10,319	114,380	10,572	26,820
D	3BS, 2BB	10,699	59,532	11,271	135,224	11,686	34,118
E	3BD, 3BB	12,675	23,730	13,571	61,257	15,660	28,532
F	4BD, 4BT, 4BS	15,141	75,638	16,367	197,140	18,526	64,492
G	5BD, 5BS, 6BD	21,810	10,991	23,026	30,196	24,634	8,411

### 3 Solution

It is proposed that the current CSEP NExA AQ Table is updated with up to date values, as produced following the 2013 AQ review, in line with the requirements of iGT030, and detailed in section 2.

Replace existing CSEP NExA AQ Table:

Band	House Type	South SW, NT, WS, SO		Average WN, SE, NW, EA, EM, WM, NE		North NO, SC	
		AQ (kWh)		AQ (kWh)		AQ (kWh)	
A	1 Bed	6,473		7,022		7,718	
B	2BF, 2BT	7,989		8,383		8,684	
C	2BS, 2BD, 3BT, 3BF	10,776		11,304		11,372	
D	3BS, 2BB	11,748		12,221		12,596	
E	3BD, 3BB	13,429		14,468		16,276	
F	4BD, 4BT, 4BS	16,256		17,655		19,296	
G	5BD, 5BS, 6BD	22,644		24,423		25,606	

with the revised version below

Band	House Type	South SW, NT, WS, SO		Average WN, SE, NW, EA, EM, WM, NE (0%)		North NO, SC	
		AQ (kWh)		AQ (kWh)		AQ (kWh)	
A	1 Bed	5,565		6,127		6,892	
B	2BF, 2BT	7,048		7,387		8,214	
C	2BS, 2BD, 3BT, 3BF	9,758		10,319		10,572	
D	3BS, 2BB	10,699		11,271		11,686	
E	3BD, 3BB	12,675		13,571		15,660	
F	4BD, 4BT, 4BS	15,141		16,367		18,526	
G	5BD, 5BS, 6BD	21,810		23,026		24,634	

#### User Pays

Classification of the modification as User Pays, or not, and the justification for such classification.

No User Pays service would be created or amended by implementation of this modification and it is not, therefore, classified as a User Pays Modification.

Identification of Users of the service, the proposed split of the recovery between Gas Transporters and Users for User Pays costs and the justification for such view.
N/A.
Proposed charge(s) for application of User Pays charges to Shippers.
N/A.
Proposed charge for inclusion in the Agency Charging Statement (ACS) – to be completed upon receipt of a cost estimate from Xoserve.
N/A.

## 4 Relevant Objectives

### Impact of the modification on the **Relevant Objectives:**

Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	None
b) 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.	None
c) Efficient discharge of the licensee's obligations.	None
d) 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.	Positive
e) 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.	None
f) Promotion of efficiency in the implementation and administration of the Code.	None
g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	None

d) 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.

The increased accuracy of AQ values as a result of bringing them up to date, reflecting changes such as energy efficiency requirements under Building Regulations, will change the allocation of energy and transportation costs between Shippers. More appropriate targeting of costs is consistent with facilitating the securing of effective competition between Shippers.

## 5 Implementation

No implementation timescales are proposed. However, it would be preferable if this modification were implemented by 01 September 2014.



## 6 Legal Text

### Text

The legal text is the revised CSEP NExA AQ Table provided in Section 3 above.

At the 20 February 2014 Panel meeting, National Grid Distribution confirmed that no UNC related legal text was required to implement the modification.

## 7 Recommendation

The Panel have recommended that this report is issued to consultation and all parties should consider whether they wish to submit views regarding this modification.