

TRANSCO NETWORK CODE MODIFICATION PROPOSAL No. 0624
"Changes to the 2003 Annual Quantity (AQ) Amendment Process"
Version 4.0

Date: 21/03/2003

Proposed Implementation Date: 01/05/2003

Urgency: Urgent

Justification

The Annual Quantity (AQ) sub-group of the Supply Point & Billing Workstream has identified that a number of procedures within the Provisional AQ Amendment process have been actioned by some Users in a manner that has the potential to detrimentally affect other Users with Smaller Supply Meter Point (SSMP) portfolios. Given the basis of elements of SSMP charging to Users (based on aggregate LDZ AQ values), a series of measures have been identified which are designed to better protect Users from the outcome of the yearly AQ review process.

Urgent procedures are sought to enable the measures to be implemented in time for the commencement of the amendment phase of the 2003 annual review for which relevant Transco processes commence in mid April 2003. It is important that (subject to Ofgem's decision) direction for implementation is received prior to then to enable sufficient time for Transco and shipper process and systems planning.

Nature of Proposal

Modification of the Network Code is required to:

- Establish a tolerance limit within which proposed amendments to Smaller Supply Point Provisional AQ values would be rejected by Transco where such a request seeks an alteration of less than 20% of the Provisional value notified by Transco.
- Remove the existing tolerance threshold of 1000kWh per annum.
- Introduce reasons for Provisional AQ amendment. These should reflect that such amendments may only be made where the User is challenging the data that Transco has used in its calculation. The following conditions are proposed:
 - the Provisional AQ was calculated utilising inaccurate meter asset data; and/or
 - the Provisional AQ was calculated utilising inaccurate meter reading data; and/or
 - The shipper requested AQ was derived using an end reading that is more recent than the end reading used to derive the Transco proposed Provisional AQ and/or
 - Transco did not propose a Provisional AQ.
- Introduce provisions relating to the behaviour of Users during the amendment phase of the AQ review process which reflect that the focus of amendments should be balanced. (That amendment requests should reflect the true, seasonally adjusted, annual consumption anticipated at the Supply Meter Point requiring increases as well as reductions in the AQ).

Purpose of Proposal

This Modification Proposal identifies measures which further refine the Annual Quantity (AQ) review process thereby providing greater certainty to all Users with respect to the impact of community AQ values. The proposed measures facilitate maintaining the accuracy of AQs and are therefore consistent with the efficient and economic operation by Transco of its pipeline system.

Consequence of not making this change

It is possible that an unduly significant number of requests for AQ amendment would continue to be received by Transco. Opportunities for some Users to manipulate the amendment process and influence inaccurate cost apportionment would not be reduced.

Area of Network Code Concerned

Principal Document Section G1.6.

Section G, paragraph 1.6.4

Re-word paragraph 1.6.4(a) as follows:-

- (a) Following the notification of the Provisional Annual Quantity the Registered User may, subject to paragraph 1.6.4(c) and where the provisions of paragraph 1.6.4(b) apply:
 - (i) in the case of a Smaller Supply Point where it considers that the Provisional Annual Quantity should be greater or lesser than the Provisional Annual Quantity notified by Transco by not less than 20%; or
 - (ii) in respect of any Larger Supply Pointnot later than 13th August in the preceding Gas Year notify Transco that it considers that the Provisional Annual Quantity does not satisfy the requirement in paragraph 1.6.6 (“**User Provisional Annual Quantity**”).

Insert as new paragraph 1.6.4(b):-

- “(b) The provisions referred to in paragraph 1.6.4(a) are:
 - (i) that the Registered User reasonably considers that Transco’s calculation of the Provisional Annual Quantity is derived from:

- (aa) Meter Readings that are incorrect or were taken prior to Meter Readings available to the Registered User and/or
- (bb) materially incorrect details of the Supply Meter Installation for the relevant Supply Meter Point; or
- (ii) where Transco has determined the Provisional Annual Quantity in accordance with paragraphs G1.6.2(a) or G1.6.2(d).”

Insert as new paragraph 1.6.4(c):-

- "(c) Where, in respect of any Supply Point, the Registered User notifies Transco of a User Provisional Annual Quantity in accordance with paragraph 1.6.4(a) it shall warrant that:
- (i) in reviewing the Provisional Annual Quantity it has applied a methodology that:
 - (aa) is consistent to all Supply Points for which it is the Registered User; and
 - (bb) does not materially differentiate in its treatment of Supply Points where the User Provisional Annual Quantity may be greater than the Provisional Annual Quantity notified by Transco and Supply Points where the User Provisional Annual Quantity may be less than the Provisional Annual Quantity notified by Transco; and
 - (ii) it has notified Transco of all User Provisional Annual Quantities resulting from the application of the methodology referred to in sub-paragraph (i) above that satisfy the requirements set out in paragraph 1.6.4(a).”

Re-number the existing paragraph 1.6.4(b) as 1.6.4(d) and amend as follows:-

- “(b)(d) Transco will be entitled to reject without consideration, notice or liability any notification by a User which does not comply with the requirement in paragraph 1.6.4(a)(i).”

Re-number the existing paragraph 1.6.4(c) as 1.6.4(e).

Insert as a new paragraph 1.6.5(c):-

“(c) shall record evidence (and shall make such evidence available for inspection where reasonably requested) to support the applicable provision of paragraph 1.6.4(b) and the warranty given pursuant to paragraph 1.6.4(c).”

Proposer's Representative

Christopher J Warner (Transco)

Proposer

Terry A Grove (Transco)

Signature

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