

Final Review Report
Modification Reference 0046

Review of VLDMC / Shipper Renominations

1 Scope Of Work

The review group was formed as an amalgamation of review proposal 0045, which was to consider VLDMC renomination issues and review proposal 0046, which would consider NDM sites. Issues arising out of the application of existing Network Code nomination/renomination rules associated with such supply points were to be addressed and modifications raised if appropriate.

The following specific points were considered by the group:

DM/VLDMC Renominations

1. The consequential effects of current renomination rules on VLDMC charges
2. Consideration of an implied flow rate less than zero
3. The benefits of increasing data flow to VLDMC shippers through the repeat telemetry project
4. Additional requirements during VLDMC commissioning
5. The possible scheduling charge impact of the hour bar principle when used in conjunction with systems restrictions on implied flow rates following renomination

NDM Renominations

1. The implications of raising / lowering the 2% trigger for NDM renominations
2. The timing of NDM renomination triggers
3. Consideration of the 0-120% input requirement following an NDM output renomination.

2 Summary Of Review Group Discussions

2.1 DM / VLDMC Renominations

2.1.1 VLDMC Renominations

The group considered at some length the suitability of the current renomination rules associated with VLDMC supply points with respect to Network Code charges. Shippers expressed concern over the fact that VLDMC sites have individual exit zones, and scheduling charges can result from the activities associated with a single supply point. Any inaccuracy in the nomination information available can therefore give rise to Network Code charges. This is seen as a far greater risk than that which occurs for other DM supply points within a shared exit zone where diversity can mitigate the risk of scheduling charges arising from inaccurate information.

Transco conceded that existing functionality limitations can precipitate Network Code charges in certain circumstances, but stressed that no changes to existing systems would be of real benefit unless they were supported by the development of good communication exchange between shippers and end consumers. Transco also reiterated the point that if Network Code charges do represent a significant financial risk then they are fulfilling their purpose as a powerful incentive for the development of such communication arrangements.

2.1.2 Implied Flow Rate

Under the current systems functionality, it is not possible for the implied flow rate to be a negative quantity. Shippers say that this is a major limitation when a prevailing nominations becomes at odds with actual consumption due to renomination restrictions or late provision of information from an end consumer. In such circumstances, there is no facility to recover the daily position with regard to scheduling charges. Transco were not supportive of such a change as it would fundamentally weaken the incentives in place for a shipper to provide accurate ahead of day and within day information, as a single final renomination would correct a shippers position with regard to scheduling. Transco also confirmed that a negative implied flow rate would have substantial implications for LINK functionality in general, and that such a change was impractical at the current time.

2.1.3 Repeat Signal Telemetry (RST)

It was greed within the group that accurate and timely transfer of information between the end consumer and the shipper is vital if the shipper is to minimise the risk of Network Code charges. In many cases the consumer provides both Transco and the shipper with an Offtake Profile Notice (OPN) which details the hourly offtake requirement through the coming day, any subsequent changes are notified through a revised OPN. This information enables Transco to schedule gas flow on the system, and the shipper to make accurate nominations and renominations. In practice some consumers provide more timely information than others and in some instances

the changes in the offtake requirement are not notified until some hours after the change has taken place. This can often make scheduling charges unavoidable.

Transco suggested that the RST service currently under development, which provides a shipper with an hourly summary of the gas usage, based on the telemetry installed on the site metering, would be of some use to a shipper wishing to monitor the offtake rate. Transco explained that every hour, a file is sent to the relevant shipper, through the IX network, which contains the instantaneous consumption, the consumption of the previous hour, consumption on the day to date and predicted end of day consumption. This service was available on a cost reflective basis and a free trial service was available to each shipper.

Shippers expressed some interest in the service but felt that it should either be free of charge, or should attract some liabilities for the failure to provide data or erroneous data. There was also concern regarding sites with more than one shipper which were subject to a legacy allocation arrangement.

Transco's response is that it is appropriate for cost reflective charges to be applied for this service, otherwise the administration and set up costs would be smeared across all shippers. Transco explained that they would not accept to any liabilities as this would require a higher charge to reflect this element and no agreement has yet been reached with Ofgas as to the treatment of such income with respect to the current pricing formula. Transco also stressed that this service was no more than a means to verify the information exchange between the end consumer and the shipper and that it should in no way detract from the establishment of good communication between these parties.

In conclusion to this debate, the telemetry trial was extended to a free months trial at all of a shippers relevant sites. At sites supplied by more than one shipper, authorisation must be received from all shippers before the telemetry service can be instigated, in view of confidentiality issues.

2.1.4 Commissioning

Concern was expressed by the group as to the difficulties implicit in the current renomination process when it is applied to commissioning power stations. Shippers explained that the current functionality did not allow for multiple rate changes through renominations and that this increased the risk of Code charges where the actual offtake rate could vary considerably during the day. A request was made for a much simpler renomination process in which the actual hourly quantity could be used instead of the current format which requires an end of day quantity. Transco agreed that this would be simpler from a shippers point of view as it would effectively allow for the input of the OPN provided by the VLDMC as a LINK nomination. However, the current system is based on end of day quantities, as it is at this level of resolution that energy balancing and scheduling take place, and preliminary impact analysis suggested than any change to this principle would be too costly in terms of systems resource.

The group explored the usefulness of step change functionality, which formed part of the April 1997 LINK release, which allows for a number of steps in offtake rate to be input at one time. This functionality is still however based on end of day quantities and following a systems demonstration the group felt that it was too complicated to be of any real benefit. The group requested that Transco consider further the use of hourly offtake quantities and this is currently receiving consideration for systematisation during LINK releases which may occur after DCIII.

2.1.5 Hour Bar And Nomination

Shippers expressed the view that the hour bar to renominations, which means that a renomination effective time can be up to 1 hr 59 minutes after the actual renomination, was a factor in scheduling charges. In the case of a power station which goes off line during the day, the change might only be recognised on LINK nearly 2 hours after the event, by which time a considerable amount of gas would be deemed to have flowed which could give rise to scheduling penalties.

Transco were sympathetic to this concern and modification 0082 was raised and approved, which allows VLDMC supply points to make effective renominations on the next hour subject to a 15 minute administrative lead time. In the first instance this was a manual process which required notification by fax and was subsequently systematised in the April 1997 LINK release.

2.2 NDM Renominations

The group had originally intended to consider NDM renomination issues as well as VLDMC issues. However, many of the issues which had been identified as warranting discussion were considered in the work which immediately followed the Caminus/Transco/Ofgas review of the previous winter. It was also suggested that many of the standing review group members were not involved in NDM issues within their companies, and that a revised membership would be appropriate. In view of these two factors it was agreed that the group would not schedule any further meetings but that it may be reconvened to discuss the outcome of the Caminus work in due course.

3 Modifications Raised

3.1 Modification 0082

Modification 0082 was raised and subsequently approved to remove the hour bar restriction for VLDMC renominations. For VLDMC supply points the effective renomination time will now be the next hour provided that the renomination was received more than 15 minutes before the hour. This was passed as an urgent modification and was implemented on 1st December 1996.

3.2 Repeat Signal Telemetry

Whilst not the subject of a modification, the Repeat Signal Telemetry service was further developed and the availability of the free trial to shippers was extended to enable shippers to more fully evaluate its usefulness before committing to the service.

4 Conclusions Of Work Group

4.1 VLDMC Renomination Issues

The group concluded that it achieved as much as was practical in this area in view of the systems limitations which are currently in place. It is acknowledged that some features which may be desirable in terms of VLDMC supply points, such as negative implied flow rates, would have far reaching implications for the management of the system and do not warrant the substantial systems changes which would be required.

An outstanding requirement of the review group is for the ability to input VLDMC renominations as hourly quantities in order to minimise the risk of error associated with end of day quantity calculations. Transco are in some respects supportive of this as it could potentially lead to more accurate information which could reduce unnecessary balancing actions. The development of this facility is receiving ongoing consideration for a future LINK release.

4.2 NDM Renomination Issues

The group felt it was inappropriate to consider these issues as they were being considered elsewhere. The review group was kept in abeyance as a possible forum to discuss the outcome of this work

5 General Conclusions

The work of this group was ultimately limited to VLDMC renomination issues and in addition to the development of modification 0082 work was carried out to refine the repeat signal telemetry service and to establish desirable features for future VLDMC renomination functionality.

Any outstanding issues, such as the form of renomination for a VLDMC Supply Points and the implied flow rate requirements through the gas day will now be considered within the Energy work stream.