

DEVELOPMENT WORK-GROUP - MODIFICATION 0034

TERMS OF REFERENCE

Work-group composition

Mike Piggin	TransCo - Chairman
Alan Raper	TransCo
Graham Ryott	TransCo
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Steve Ladle	Texaco
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Mike Young	Aliance
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The Modification Proposal

The proposal would facilitate the ad-hoc movement of supply points, within certain Supply Point AQ limits, from NDM to DM. System Users would be able to make site by site decisions based on the individual merits of such a switch.

The non-mandatory lowering of the threshold AQ would involve the following processes:

Phase 1

To modify the definition of the Threshold AQ so that 2 September 1996 would become a date when supply points in the range 58,600,000kWhpa and 11,720,000kWhpa could be confirmed as DM. System Users would be able to choose which of their Supply Points it wanted as DM. Exit Capacity will be booked for this date by TransCo at 80% of the System User supply Point SOQ within the relevant Exit Zone. System Users would be required to book the Minimum Converting Capacity as per existing conversion process.

Phase 2

From 1 Dec 96 to 28 Feb 97 System Users would be able to confirm NDM supply points within the AQ band 58,600,000kWh to 5,860,000kWh as DM. Again, the System User would be able to choose which of its Supply Points it required as DM. There would be no provision to book the minimum converting capacity nor would TransCo book any exit capacity in respect of these Phase II switching sites.

### Phase 3

The current NDM to DM conversion programme, defined in the Transition Document, would be modified by changing the 1996 dates to 1997 dates.

Note Phase 3 ensures that the Transition Document provides a mechanism to achieve the "normal running", 75ktpa Supply Point, 25ktpa Meter Point, position described in the Principal Document. We acknowledge that it may be desirable to review the "normal running" position but this development Work-group is not intended to be the vehicle for that review.

### General

Conversion to DM, prior to the introduction of a mandatory threshold reduction, would be allowed should the supply point transfer between Shippers.

### Work to be undertaken

As a result of correspondence & informal pre-consultation the nature of this proposal is well defined. However, the basic issue of whether this proposal is desirable is still in question. To that end the group needs to;

- 1) Establish whether the conversion of NDM to DM should proceed on an optional basis during 1996 and,
- 2) If it should, then to establish whether the phased approach detailed above is the best way to manage the process or agree an alternative approach.

### Other matters to be considered

- 1) To assess the benefits & associated risks to the industry of operating an increased number of DM sites.
- 2) To Quality Assure internal daily read checks and dispute resolution to ensure that they are capable of supporting the increased population of DMs.

### Timetable

NB It is intended to apply the double concertina to this modification.

1. Work-group Terms of Reference to be confirmed at Modification Panel on 20 June 1996.
2. Monthly Work-group report to Modification Panel on 18 July 1996.
3. Circulate Work-group and Draft Modification Reports to Modification Panel by 30 July
4. Work Group & Draft Modification Reports to be considered by Modification Panel at 15 August 1996.