

Stage 02: Workgroup Report

0475S:

Update to Section G, Annex G3 (Prospective Erroneous Large AQ Calculation Proforma)

Modification 0392 was implemented in June 2012 to align with the implementation of iGT040. When Modification 0392 was raised it omitted to specify that a change to the AQ values held within Annex G-3 should be also be made in order to maintain alignment with the CSEP NExA AQ values. This modification serves to correct this situation.



The Workgroup recommends that this self-governance modification should now proceed to consultation.



High Impact: -



Medium Impact: -



Low Impact: -
Shippers and Transporters

At what stage is this document in the process?



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About this document:

This report will be presented to the Panel on 15 May 2014.

The Panel will consider whether the modification should proceed to consultation or be returned to the Workgroup for further assessment.

	
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1 Summary

Is this a Self-Governance Modification?

The Modification Panel determined that this is a self-governance modification because it is unlikely to have material effect on competition or consumers.

Why Change?

Modification 0392 was implemented in June 2012 to align with the implementation of iGT040. UNC TPD Section G, Annex G-3 (Prospective Erroneous Large AQ Performa) replicates the AQ values held within the LDZ CSEP NEXA Annex A. These AQ values can be used where a Shipper identifies that a domestic customer has an erroneously high AQ >293,000kWh (10,000 Therms) on change of Supplier. When Modification 0392 was raised it omitted to specify that a change to the AQ values held within Annex G-3, showing typical domestic consumptions by house type, should be also be made in order to maintain alignment with the LDZ CSEP NEXA AQ values. This modification serves to correct this situation.

Solution

Update UNC Section G, Annex G-3 with the revised AQ values included within Mod 392 and as outlined below:

Band	House Type	South SW, NT, WS, SO		Average WN, SE, NW, EA, EM, WM, NE		North NO, SC	
		AQ (kWh)	Number	AQ (kWh)	Number	AQ (kWh)	Number
A	1 Bed	6,473	12,167	7,022	14,210	7,718	3,167
B	2BF, 2BT	7,989	54,965	8,383	82,049	8,684	32,705
C	2BS, 2BD, 3BT, 3BF	10,776	37,236	11,304	76,964	11,372	17,821
D	3BS, 2BB	11,748	39,182	12,221	93,752	12,596	21,069
E	3BD, 3BB	13,429	20,549	14,468	51,950	16,276	24,883
F	4BD, 4BT, 4BS, 4BB	16,256	60,393	17,655	158,584	19,296	53,089
G	5BD, 5BS, 6BD	22,644	8,799	24,423	23,175	25,606	6,169

For the avoidance of doubt, it is not proposed at this time that a formal review of the AQ values contained within the above table is undertaken to determine if they remain reflective of new build AQ values. A periodic review of these AQ values is undertaken via the iGT Shipper Group in accordance with the procedure implemented within iGT UNC Mod 051.

Relevant Objectives

(d) Securing of effective competition between Shippers

Updating the AQ values held within UNC TPD Section G, Annex G-3 will allow a Shipper who wishes, on completion of a successful registration, to appeal the AQ value of a domestic customer with an erroneously high AQ (i.e.>293,000kWh) to a value which is more representative with the estimated consumption of a customer who resides within a similar house type in the same geographic area. A Shipper who utilises this domestic premise appeals mechanism has the opportunity to correct the potential application of excessive gas and transportation charges which would apply if an appeal was not raised. This in turn will ensure that charges are more proportionate with those expected to be applied to domestic customers with similar AQ usage. Therefore this positively impacts this relevant objective d).

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Implementation

As this is a self-governance modification, implementation could be sixteen business days after a Modification Panel decision to implement.

2 Why Change?

Implementation of this modification will ensure the continued alignment of AQ values held within UNC TPD Section G, Annex G-3 with those held within the LDZ CSEP NExA Annex A AQ Table. The AQ values held in the LDZ CSEP NExA AQ Table are estimates of the average consumption of new build properties by house type and geographical area.

Failure to update Annex G-3 will result in Shippers, who wish to appeal an erroneously high AQ for a domestic site, assigning an AQ value which is proportionately higher than the AQ value currently used within the LDZ CSEP NExA AQ Table.

UNC TPD Section G 1.6.13 (c)(i) requires a Shipper to raise an appeal to an erroneously high domestic AQ (>293,000kWh) within 23 Business Days of a successful registration.

3 Solution

Update UNC Section G, Annex G-3 with the revised AQ values included within Mod 392 and as outlined below:

Band	House Type	South SW, NT, WS, SO		Average WN, SE, NW, EA, EM, WM, NE		North NO, SC	
		AQ (kWh)	Number	AQ (kWh)	Number	AQ (kWh)	Number
A	1 Bed	6,473	12,167	7,022	14,210	7,718	3,167
B	2BF, 2BT	7,989	54,965	8,383	82,049	8,684	32,705
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D	3BS, 2BB	11,748	39,182	12,221	93,752	12,596	21,069
E	3BD, 3BB	13,429	20,549	14,468	51,950	16,276	24,883
F	4BD, 4BT, 4BS, 4BB	16,256	60,393	17,655	158,584	19,296	53,089
G	5BD, 5BS, 6BD	22,644	8,799	24,423	23,175	25,606	6,169

For the avoidance of doubt, it is not proposed at this time that a formal review of the AQ values contained within the above table is undertaken to determine if they remain reflective of new build AQ values. A periodic review of these AQ values is undertaken via the iGT Shipper Group in accordance with the procedure implemented within iGT UNC Mod 051.

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 between Shippers

Updating the AQ values held within UNC TPD Section G, Annex G-3 will allow a Shipper who wishes, on completion of a successful registration, to appeal the AQ value of a domestic customer with an erroneously high AQ (i.e.>293,000kWh) to a value which is more representative with the estimated consumption of a customer who resides within a similar house type and geographical area. A Shipper who utilises this domestic premise appeals mechanism has the opportunity to correct the potential application of excessive gas and transportation charges which would apply if an appeal was not raised. This in turn will ensure that charges are more proportionate with those expected to be applied to domestic customers with similar AQ usage, therefore this positively impacts this relevant objective.

5 Implementation

As self-governance procedures are proposed, implementation could be sixteen business days after a Modification Panel decision to implement.

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6 Legal Text

Text

Legal text was not available in time for review by the Workgroup. As the modification is only proposing to update to AQ Values held within Section G, Annex G-3 only, the Workgroup concluded it would be beneficial if the modification proceeded to consultation and that the legal text should be included in the Draft Modification Report.

7 Recommendation

The Workgroup invites the Panel to:

- AGREE that this self-governance modification should be submitted for consultation.