

MODIFICATION PROPOSAL: 0041

SHORT TITLE: Consultation Process For March Energy Balancing Invoices

DATE: 24 June 1996

PROPOSED IMPLEMENTATION DATE: 28 June 1996

URGENCY: Urgent

Circumstances - Network Code requires settlement of Energy Balancing Invoices by the fifth day following submission. Failure to settle results in termination of contract.

Procedures Followed - Meeting held with Shippers - Friday 21st June 1996.
Proposal sent out for representations - Monday 24th June 1996.
Implementation - Friday 28th June 1996.

JUSTIFICATION:

The Network Code requires termination of the Shipper Contract if the Energy Balancing Invoice is not settled within five days of submission. This proposal allows for a short period of third party facilitation to resolve any issues arising from portfolio discrepancies giving rise to inconsistencies in daily metered output allocations for March

CONSEQUENCE OF NOT MAKING THIS CHANGE:

The Code requires Shippers to settle their Energy Balancing Invoices in full with resolution of at a later date. Failure to settle within five days would result in termination.

AREA OF NETWORK CODE CONCERNED:

Principle Document - Sections S, Su.
Transition Document.

NATURE OF PROPOSAL:

This proposal gives Shippers an opportunity to appeal against the Daily Imbalance Charge and Balancing Neutrality Charge for any day during March by reason of differences in their DM portfolio impacting on the determination of the Shipper's output allocations. Difficulties associated with input allocations have been addressed through Modification 0035. Deloitte and Touche have agreed to evaluate the discrepancies and determine the amount payable by TransCo or the Shippers by acting as facilitator in the process.

The balancing invoice will be submitted as scheduled on 2nd July (I). If the facilitator is notified of any difference by I + 7 by a shipper or TransCo, resolution of the difference by the facilitator will be achieved by I + 19 with a revised settlement date of I + 22 (1st August). The facilitators recommendation will be based only on the qualifying evidence provided. Therefore this proposal extends the settlement date for all March balancing invoices to 1st August.

Proposed Timetable of Events

<u>Activity</u>	<u>Time</u>	<u>Date</u>
Invoice Submitted.	I	Tuesday 2nd July 1996.
Shipper notifies facilitator of details of query. Notify TransCo.	I + 7	Thursday 11th July 1996.
Query resolution and facilitator decision.	I + 19	Monday 9th July 1996.
Settlement.	I + 22	Thursday 1st August.

This facilitator determination will be based on the evidence provided by Shippers and TransCo and will be binding on all parties in terms of payment. The outstanding amounts will be subject to an Invoice Query as detailed in Section S4.3 of the Network Code.

In accordance with TransCo's and the Shipper's Balancing Neutrality position under the Code, outstanding Neutrality amounts will be rolled forward into the subsequent Neutrality calculations.

A standard Invoice Query proforma for the use of these appeals is attached.

Consideration should be given to extending subsequent invoice settlement dates as follows:

April from 21st July to 7th August.

May from 5th August to 13th August.

This attempts to recognise shippers expressed concerns that invoices be sequential and the needs of shippers receiving due payment as well as those due to pay.

PURPOSE OF PROPOSAL:

To facilitate settlement of Daily Imbalance Charges and Balancing Neutrality Charges for March by extending the period between the raising of the invoice and settlement and by introducing expert determination, if required.

This proposal recognises shippers concerns with regard to portfolio issues in March.

PROPOSED TEXT:

- (1) A User may, not later than the 7th Business Day after submission of the Balancing Invoice for March 1996, submit to TransCo and Deloitte and Touche, London ("D&T") a notice in the form designated by TransCo for the purposes of this paragraph:
 - (a) stating that the User believes that, by reason of a matter within paragraph (2):
 - (i) the amount of the Daily Imbalance Charge for any Day is materially incorrectly stated in such invoice; or
 - (ii) the amount of Balancing Neutrality Charge for any Day is (as a result of the User's relevant UDQOs being incorrect for the purposes of Section F4.2.2) materially incorrectly stated in such invoice; and
 - (b) giving reasonable details of the reasons for the User's so believing and the amount which the User believes to be properly payable by way of the relevant charge.

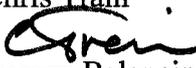
- (2) The matters referred to in paragraph (1)(a) are, notwithstanding Sections E1.9.2 and G1.14:
 - (i) any error in the determination (pursuant to the Code) of any UDQO in respect of a DM Supply Point Component of that User;
 - (ii) an error (by reference to the provisions of the Code) in the Supply Meter Points of which the User is shown (in the Supply Point Register) as Registered User.

- (3) Where a User has submitted a notice in accordance with paragraph (1):
 - (a) the matter shall be referred to D&T who will be requested to determine, not later than the 19th Business Day after submission of the Balancing Invoice, an amount which it is reasonable that TransCo or the User should pay by way of Daily Imbalance Charge or Balancing Neutrality Charge on a provisional basis pending the resolution of the matter notified by the User;
 - (b) notwithstanding paragraph 3.1 of the Supplement, the amount payable (in respect of the Daily Imbalance Charge or Balancing Neutrality Charge for the relevant Day) on the Invoice Due Date (in accordance with paragraph (5)) shall be the amount determined by D&T under paragraph (a);

- (c) the difference between the amount stated by the User to be payable (in accordance with paragraph (1)(b), and the amount shown in the Balancing Invoice in respect of the Daily Imbalance Charge or Balancing Neutrality Charge for the relevant Day, shall be considered to be subject to an Invoice Query under Section S4.3.
- (4) For the purposes of paragraph (3)(a):
- (a) each User authorises TransCo to engage D&T upon the terms in paragraph (c) and otherwise upon reasonable terms;
 - (b) the User's notice under paragraph (1) shall (if given in accordance with that paragraph) take effect as the User's instruction to D&T for the purposes of paragraph (3)(a);
 - (c) D&T shall be considered to be acting as an expert for the purposes of Sections T2.3.5, 2.3.6, 2.5, 2.7, 2.8 and 2.9, but not otherwise;
 - (d) TransCo and the User shall promptly provide to D&T such information as D&T shall reasonably request to enable D&T to make their determination;
 - (e) the determination of D&T shall be final and binding for the purposes of the payment to be made on the Invoice Due Date, but without prejudice to paragraph (3)(c).
- (5) The Invoice Due Date (for the purposes of Section S3.1.2(a)) in respect of the Balancing Invoice for March 1996 shall be the 3rd Business Day after the Day or last Day on which D&T give a determination pursuant to paragraph (3)(a) (or if no User gives notice pursuant to paragraph (1), the Invoice Due Date in accordance with Section S3.1.2); and TransCo will inform Users of such Invoice Due Date promptly upon its being known.
- (6) It is acknowledged and agreed that:
- (a) that there may be matters within paragraph (2) the effect of which would be to increase the amount of the Daily Imbalance Charge or Balancing Neutrality Charge payable by, or reduce such amounts payable to, any User, in relation to which Section S1.8.1 will apply (if the User does not give notice in respect thereof under paragraph (1));
 - (b) that (except as provided in paragraph (3)(a)) no recalculation will be made of the Balancing Neutrality Charges shown in Balancing Invoices and payable on the Invoice Due Date, and accordingly (without prejudice to paragraph (a)) the amounts to be paid on the Invoice Due Date in respect of Balancing Neutrality Charges will be the amounts shown in the Balancing Invoices;

- (c) that the effect of paragraphs (3) and (6)(a) is that the payment and receipt by TransCo of the amounts referred to in paragraph (b) may fail to achieve (as at the Invoice Due Date) the objective in the definition (in Section F1.1.2(d)) of Balancing Neutrality Charge;
 - (d) that amounts received or paid by TransCo on resolution of deemed Invoice Queries under paragraph (3)(c), or pursuant to Invoice Documents (in accordance with paragraph (a)) under Section S1.8.1, will be taken into account in the determination of Balancing Neutrality Charges in respect of the month in which such amounts are received or paid;
 - (e) that the effect of Sections F4.5.3(a)(i) and (ii) is that TransCo is entitled to recover from Users amounts (by way of Balancing Neutrality Charges in respect of months after March 1996) which will remedy any such failure as is referred to in paragraph (c), after taking into account of any such amounts as are referred to in paragraph (d) which are received by TransCo before the month in which Section 4.5.3(a)(ii) takes effect.
- (7) References in this paragraph to a Balancing Invoice, Invoice Due Date, Daily Imbalance Charge and (except where the context requires otherwise) Balancing Neutrality Charge are to such invoice, date and charges in respect of March or Days in March 1996.
- (8) It is agreed that paragraph S4.2.6 shall be given effect by reference to the amounts stated in the Balancing Invoices submitted to Users disregarding any notice under paragraph (1) or other Invoice Query relating to any such invoice.

IDENTITY OF PROPOSER'S REPRESENTATIVE:

PROPOSER : Chris Train
SIGNATURE : 
POSITION : Energy Balancing Manager
COMPANY : BG TransCo

MODIFICATION PANEL SECRETARY'S USE ONLY

Reference Number:

Date Received