

MODIFICATION PROPOSAL: REF 0106

SHORT TITLE: Inter Shipper Adjustments re. August Allocations at Bacton and St. Fergus

DATE: 4th December 1996

PROPOSED IMPLEMENTATION DATE: ASAP

URGENCY: Urgent

JUSTIFICATION:

In August a number of allocations were incorrect at close-out due to insufficient processing time at the Bacton sub-terminals and at St. Fergus. At Bacton the Claims Validation Agent was unable to process the large numbers of revised claims despite the extension of close-out to M+18. At the time TransCo, Ofgas, Users and the CVA discussed the issue and agreed that close-out should be effected. It was further agreed that the industry would meet at a later date to discuss the issues surrounding the CVA problems and propose a modification to allow adjustments for August. The CVA has subsequently rerun the allocations for August and can now provide revised figures.

CONSEQUENCE OF NOT MAKING THIS CHANGE:

Some Users will have been allocated less gas than they have been invoiced by their supplier, whilst others will have been allocated more. Imbalance, scheduling and capacity overrun charges have been calculated on the basis of the M+18 close out date.

AREA OF NETWORK CODE CONCERNED:

Principal Document, sections E,F, G and S. Transition Document, part 2.

NATURE OF PROPOSAL:

The CVAs will provide TransCo with revised allocation figures for each day in August for the affected terminals. TransCo will then compare these figures with the original allocations used in the August Energy Balancing Invoice. Where there is a difference, Users will receive an ad-hoc invoice for either a debit or credit.

$(\text{Initial UDQI Volume in kWh}) + (\text{Revised Allocation Volume (incl. UGF) for Bacton/St.Fergus in kWh} - (\text{Initial Allocation Volume (incl. UGF) for Bacton/St.Fergus in kWh}) = \text{New UDQI}$

Using a spreadsheet TransCo will then rerun the daily cash out calculations using the relevant daily system prices. The spreadsheet will recalculate the Shipper tolerances for August using the revised UDQIs. However, the revised allocations will not affect the calculation of Shippers' imbalance tolerances for the following month, nor the calculation of August Balancing Neutrality charges.

In addition to the above, any scheduling and overrun charges which were incurred as a result of the allocation error will be refunded. There will be no new scheduling or capacity overrun charges from the revised allocations. Input UGF quantities for these terminals will not be reopened.

In accordance with the principle established within modifications 41 and 64, all corrections to imbalance cashouts (and scheduling charges) will be allocated through Balancing Neutrality in the Energy Balancing Invoice which is issued at the same time as the corrections to individual shippers. The legal drafting includes text to ensure that all such adjustments will be allocated through Neutrality in the same month as the adjustment is made. For this modification proposal the net cost to neutrality is expected to be low because most of the transfer of allocation will be calculated at the SAP price on the day.

PURPOSE OF PROPOSAL:

To refund or recharge Users for any over or under allocation of entry gas during the month of August.

PROPOSED TEXT

Transition Document, Part II, paragraph 8

Insert under Section E:

- E2.1.3 (1) For Gas Flow Days in August 1996, if the same person was appointed by all Users as User Agent in relation to a System Entry Point pursuant to Section E2.2, Users may arrange for such User Agent to submit, not later than 20th December 1996, to TransCo revised Entry Allocation Statements in respect of such System Entry Point, in accordance with and subject to Section E2.1.3, but notwithstanding that the Entry Close-out Date is passed.
- (2) Such revised statements will not take effect as Entry Allocation Statements, and accordingly relevant charges will be determined and invoiced by reference to the Entry Allocation Statements submitted by the Entry Close-out Date; but separate adjustments will be made pursuant to paragraph (3).
- (3) TransCo will determine, as nearly as may be, for all Users and for each Day in August 1996;

- (a) the quantities which would have been each User's UDQIs, Daily Imbalance and Net Cumulative Imbalance. on the basis of such revised statements;
- (b) the amounts which would have been payable, by reference to the UDQIs, Daily Imbalances and New Cumulative Imbalances under paragraph (a), by way of:
 - (i) Daily Imbalance Charges and (subject to paragraph (4)) Cumulative Imbalance Charges;
 - (ii) where this would result in a reduction or elimination of such a charge payable as described in paragraph (2), but not otherwise, Input Scheduling Charges and System Entry Overrun Charges;

and will make corresponding adjustments, to be invoiced in accordance with Section S, by reference to the amounts determined and invoiced as described in paragraph (2).

- (4) No revision shall be made pursuant to paragraph (3) in respect of the calculation of Cumulative Imbalance Tolerance Quantities in respect of any Day after 31st August 1996.
- (5) Revised statements submitted under paragraph (1) may state quantities on an aggregate basis for all System Entry Points in an Aggregate System Entry Point, in which case:
 - (a) under paragraph (3)(a), the aggregate of a User's UDQIs for all such System Entry Points will be determined;
 - (b) no adjustment to any Unauthorised Gas Flow will be made, or taken into account in any determination made, under paragraph (3).

Principal Document, Section S

Insert a new Section S1.10 as follows:

"1.10 Adjustment neutrality

Where any Energy Balancing Charge has been invoiced and, upon the resolution of an Invoice Query or pursuant to paragraph 1.8.1 or (unless expressly otherwise provided) following a Code Modification or otherwise, any adjustment is subsequently made in respect of such Energy Balancing Charge, any amount payable by TransCo to a User or by a User to TransCo pursuant to such adjustment shall be:

- (i) except as provided in paragraph (ii), an additional Monthly Adjustment Neutrality Cost, or (as the case may be) an additional Monthly Adjustment Neutrality Revenue for the purposes of Section F4.5.3(a) or (b),

- (ii) where the relevant Energy Balancing Charge was a Reconciliation Clearing Charge or a Reconciliation Neutrality Charge, an additional Adjustment Reconciliation Neutrality Cost or (as the case may be) additional Adjustment Reconciliation Neutrality Revenue for the purposes of Section F6.5(a) or (b) (applying pursuant to Section F6.1.2(i) or (ii), as appropriate),

in respect of the month in which the amount of such adjustment was determined."

Principal Document, Section F

Amend Section F1.4.7 to read:

"...in the month in which such amounts are determined."

Delete "6.5.1" at the start of Section F6.5.

In Section F6.5(a) add a new paragraph (v) as follows and move "and" from the end of paragraph (iii) to the end of paragraph (iv):

- "(v) any other amount (an "**additional Adjustment Reconciliation Neutrality Cost**") provided to be included in this paragraph (a) in relation to month m under any provision of the Code;"

In Section F6.5(b) add a new paragraph (iv) as follows and move "and " from the end of paragraph (ii) to the end of paragraph (iii):

- "(iv) any other amount (an "**additional Adjustment Reconciliation Neutrality Revenue**") provided to be included in this paragraph (b) in relation to month m under any provision of the Code."

Principal Document, Section E

Amend Section E3.6.2(iii) to read:

".... will be additional Adjustment Reconciliation Neutrality Costs for the purposes of Section F6.5(a)"

Principal Document, Section G

Amend Section G1.14.2 to read:

".....in the month in which such amounts are determined."

SYSTEMS IMPLICATIONS:

No systems implications are envisaged as the calculations will be carried out off-line.

IDENTITY OF PROPOSER'S REPRESENTATIVE: Chris Train

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

MODIFICATION PANEL SECRETARY'S USE ONLY

Reference Number: 0106

Date Received 4th December 1996