

16 June 1998

Network Code Development

31 Homer Road
Solihull
West Midlands B91 3LT

Telephone 0121 626 4431
Direct Line 0121 623 2021
Fax 0121 711 1451

To: Shippers, Panel Members & Non-Network Code Parties

Dear Colleague,

**NOTICE OF IMPLEMENTATION
MODIFICATION PROPOSAL No: 0208**

"Amendments to the AQ Update Process for 1998"

Please note that Modification Proposal No:0208 was implemented with effect from 06.00 hours on 16 June 1998. The Final Modification Report, Version 1.7 was signed by Ofgas on 11 June 1998.

The new Network Code text resulting from this Modification is detailed below.

Modified Text:

Text provided pursuant to Rule 9:

To be inserted in Transition Document, Part II, Paragraph 7

Amend paragraph 7.9.1:

".....and, subject to paragraph 7.9.5, Section G1.6.8 shall apply accordingly".

Amend paragraph 7.9.3:

"Subject to paragraph 7.9.5" .

Add new paragraph 7.11:

"7.11 Annual Quantities and End User Categories for Gas Year 1998/99

7.11.1 In relation to the Gas Year 1998/99:

- (a) Transco shall notify the provisional Annual Quantities applying to Larger Supply Meter Points to Users in accordance with paragraph 7.11.4(a);

- (b) the provisional Annual Quantities of relevant Supply Meter Points shall, subject to paragraph 7.11.3, be redetermined in accordance with Section H3;
- (c) the provisional Annual Quantities of Supply Meter Points (other than relevant Supply Meter Points) shall not be redetermined in accordance with Section H3 and the provisional Annual Quantities shall be:
 - (i) the Annual Quantities applying in the Gas Year 1997/98; or
 - (ii) where following agreement by Transco to revise the Annual Quantity pursuant to Section G1.6.8(b) or paragraph 7.9.4 (in respect of the Gas Year 1997/98) the User did not submit a Supply Point Reconfirmation in respect of the relevant Supply Point on the basis of the revised Annual Quantity, the revised Annual Quantity.

7.11.2 For the purposes of this paragraph 7.11 a "**relevant Supply Meter Point**" is a Larger Supply Meter Point which is a NDM Supply Meter Point other than one in relation to which:

- (a) Transco agreed to revise the Annual Quantity applying in the Gas Year 1997/98 following a notification by a User pursuant to Section G1.6.8(a) or paragraph 7.9.3; or
- (b) Transco (in its reasonable opinion) considers that redetermining the provisional Annual Quantity would substantially fail the requirement in Section G1.6.9 following a redetermination in accordance with Section H3.

7.11.3 For the purposes of a redetermination in accordance with Section H3 Transco shall not be required to take account of any Valid Meter Reading for which the Meter Read Date is earlier than 2nd March 1996, provided that Transco shall be required to take account of the last Valid Meter Reading used for the purposes of Individual NDM Reconciliation in accordance with Section E6.

7.11.4 Transco shall:

- (a) no later than 22nd June 1998 notify Users:
 - (i) the provisional Annual Quantity applying for the Gas Year 1998/99 in respect of each Registered Larger Supply Meter Point;
 - (ii) the Supply Meter Point Reference Number; and
 - (iii) where the Larger Supply Meter Point is a relevant Supply Meter Point the difference (expressed as a percentage) (if any) between the provisional Annual Quantity and the Annual

Quantity applying in the Gas Year 1997/98 and the Valid Meter Reading(s) and the Meter Read Date(s) used for the purposes of the redetermination in accordance with Section H3;

- (b) as soon as reasonably practicable after 22nd June 1998 notify Users in the form of a report:
 - (i) in respect of each LDZ and each applicable End User Category in relation to Registered Larger Supply Meter Points details of the aggregate provisional Annual Quantities for the Gas Year 1998/99 and the aggregate of Annual Quantities for the Gas Year 1997/98; and
 - (ii) by reference to each LDZ and each End User Category details of the aggregate difference between Annual Quantities for the Gas Year 1997/98 and provisional Annual Quantities.

7.11.5 Following the notification of the provisional Annual Quantity the Registered User may, not later than 13th August 1998 notify Transco that it considers that the provisional Annual Quantity of a Larger Supply Meter Point does not satisfy the requirement in Section G1.6.9.

7.11.6 In relation to any notification made by a User as is referred to in paragraph 7.11.5 the User shall specify:

- (a) the Supply Meter Point Reference Number;
- (b) two Meter Readings for which the Meter Read Dates are not less than six months apart; and
- (c) the provisional Annual Quantity and an estimate of the quantity which it considers should be the Annual Quantity of the Larger Supply Meter Point;

and where the Larger Supply Meter Point has a provisional Annual Quantity of greater than 293,000 kWh (*10,000 therms*), the User may (but shall not be required to) specify in addition to (b) two Valid Meter Reads for which the Meter Read Dates fall within the 1997 Winter Period and an estimate of the quantity offtaken during that Winter Period.

7.11.7 Without prejudice to paragraph 7.11.8, following a notification under paragraph 7.11.5, Transco will consider the details provided by the User, and where it considers the estimate provided by the User satisfies the requirement in Section G1.6.9, the Annual Quantity for the Gas Year 1998/99 of the Larger Supply Meter Point shall be that estimate provided by the User.

7.11.8 Where a User submits 30 or more notifications under paragraph 7.11.5, Transco may take a batch sample of that Users notifications ("**notification**

batch") and determine in respect of each notification in the batch sample whether:

- (a) the notification complies with paragraph 7.11.6;
- (b) the Meter Reads provided in accordance with paragraph 7.11.6 are consistent with all (if any) Valid Meter Readings obtained by Transco in relation to the Larger Supply Meter Point; and
- (c) the estimate of the quantity which the User considers should be the Annual Quantity satisfies the requirement in Section G1.6.9.

7.11.9 Where all the notifications in a User's batch sample comply with each of the requirements of paragraph 7.11.8, Transco shall notify the User and the Annual Quantity for the Gas Year 1998/99 for each Larger Supply Meter Point in the notification batch shall be that estimated by the User in respect of the relevant Supply Meter Point under paragraph 7.11.6(c).

7.11.10 Where some or all of the notifications in a User's batch sample do not comply with each of the requirements of paragraph 7.11.8:

- (a) Transco shall notify the User of the notifications which did not so comply (together with the reasons therefor); and
- (b) without prejudice to a subsequent notification in respect of the Larger Supply Meter Point under paragraph 7.11.5, for each Larger Supply Meter Point in the notification batch the Annual Quantity for the Gas Year 1998/99 shall be the provisional Annual Quantity notified in accordance with paragraph 7.11.4.

7.11.11 For the purposes of paragraph 7.11.8 and 7.11.14, the "**batch sample**" shall comprise, where the number of notifications comprised in a notification batch:

- (a) exceeds 10,000, a random sample of 222 notifications; or
- (b) is greater than 30 but less than 10,000 a random sample of such notifications (s) determined as follows:

$$s = (nl) + (f * (nh-nl))$$

where:

f equals $(N-N1)/(Nh-N1)$;

N is the number of notifications in the notification batch; and

'Nl' is the lower batch size and 'Nh' is the higher batch size and 'nl' and 'nh' are the appropriate sample size in accordance with the table set out at Part II Annex - 1.

- 7.11.12 Transco shall not earlier than 14th August 1998 calculate the Annual Quantity for Larger Supply Points on the basis of the provisional Annual Quantity or the provisional Annual Quantity amended pursuant to paragraph 7.11.7.
- 7.11.13 Transco shall not later than 14th September 1998 notify to each User the Annual Quantity applicable for the Gas Year 1998/99 and the applicable End User Category (where appropriate) in respect of each Larger Supply Point following which date, the Registered User may submit notifications pursuant to Section G1.6.8.
- 7.11.14 Where a User submits 30 or more notifications under paragraph 7.11.13, Transco may take a batch sample of each Users notifications and determine in respect of each notification in the batch sample whether:
- (a) the notification complies with section G1.6.8(b)(i); and
 - (b) the estimate of the quantity which the User considers should be the Annual Quantity satisfies the requirement in Section G1.6.9.
- 7.11.15 Where all the notifications in a User's batch sample comply with each of the requirements of paragraph 7.11.14, Transco will agree to revise the Annual Quantity for the Gas Year 1998/99 for each Larger Supply Meter Point in the notification batch to that Annual Quantity estimated by the User in respect of the relevant Supply Point under paragraph 7.11.14(b) (and Section G1.6.10 shall apply).
- 7.11.16 Where some or all of the notifications in a User's batch sample do not comply with each of the requirements of paragraph 7.11.14:
- (a) Transco shall notify the User of the notifications which did not so comply (together with the reasons therefor);
 - (b) without prejudice to this paragraph 7.11.16, where a User's batch sample is less than 50 notifications and an error in the batch sample of not more than 1 is identified, the batch shall be deemed to have met the requirements of paragraph 7.11.14;
 - (c) without prejudice to a subsequent notification in respect of the Larger Supply Point under paragraph 7.11.13, for each Larger Supply Point in the notification batch the Annual Quantity for the Gas Year 1998/99 shall be the Annual Quantity notified in accordance with paragraph 7.11.12.

- 7.11.17 Where a Supply Point Confirmation made in respect of a Proposed Supply Point whose Annual Quantity is not less than 73,200 kWh (*2,500 therms*) becomes or will become effective not earlier than 1st July 1998 or later than 31st December 1998, the Proposing User may, not later than one month after the Supply Point Registration Date nor more than 8 Business Days earlier, notify Transco that the Proposing User considers the Annual Quantity of a Supply Meter Point or (as the case may be) variable that determines the EUC of the Supply Point, comprised in the Proposed Supply Point fails to satisfy the requirement in Section G1.6.9.
- 7.11.18 Paragraph 7.9.5(a) (as if references therein to 1st October 1997 and 30th September 1998 were to 1st October 1998 and 30th September 1999 respectively) and (b) shall apply in relation to any such notification as is referred to in paragraph 7.11.17 and for the avoidance of doubt any reference in paragraph 7.9.5 to paragraph 7.9.3 shall be construed to be a reference to paragraph 7.11.17.
- 7.11.19 Until such time as Transco notifies Users of the Annual Quantities for Smaller Supply Points for the Gas Year 1998/99, which shall not be later than the 5th Business Day in December 1998, the Annual Quantities for Smaller Supply Points for the Gas Year 1998/99 shall, without prejudice to paragraph 7.12, be the Annual Quantities applying in the Gas Year 1997/98.

7.12 Threshold Supply Meter Points

- 7.12.1 Until the date referred to in paragraph 7.12.2, Sections G1.6.13, 1.6.14 and 1.6.15 shall not apply (and shall be deemed never to have applied).
- 7.12.2 For the purposes of Section G1.6.13, the date from which a User may first make a notification under paragraph 7.12.3 and each date thereafter shall be a relevant date.
- 7.12.3 With effect from 1 January 1999 or if earlier such date as Transco determines, a User who is the Registered User of a Smaller Supply Meter Point:
- (a) which was a Larger Supply Meter Point prior to the redetermination of the Annual Quantity in respect of the Gas Year 1997/98; or
 - (b) which was a Smaller Supply Meter Point prior to the redetermination of the Annual Quantity in respect of the Gas Year 1997/98 which the User reasonably considers should have an Annual Quantity in excess of 73,200 kWh (*2,500 therms*);
- may notify Transco that it considers that the Smaller Supply Meter Point should be a Larger Supply Meter Point.
- 7.12.4 In relation to any such notification as is referred to in paragraph 7.12.3, the User shall at the same time provide to Transco:

- (a) the Supply Meter Point Reference Number;
- (b) where 7.12.3(b) applies, two Meter Readings for which the Meter Read Dates are not less than six months apart;
- (c) an estimate of the quantity which it considers should be the Annual Quantity of the Supply Meter Point;

and paragraph 7.11.18 shall apply as though the User's notification had been made under paragraph 7.11.17.

Add new Part II Annex -1;

Notification Batch Size (NI/Nh)	Sample Size (nl/nh)
30	30
50	41
100	69
200	105
300	128
500	154
1,000	182
2,000	200
10,000	217

To be inserted in Transition Document, Part II, Paragraph 8

Section G (Supply Points)

Amend G1.6.1(i):

"G1.6.1(i) In relation to the:

- (a) Gas Year 1997/98, the period
- (b) Gas Year 1998/99, the period by reference to which the Annual Quantity of a DM Supply Point is to be determined is the 12 month period ending on 31st March 1998".

Yours sincerely



Dennis Rachwal
Commercial Analyst.