MODIFICATION PROPOSAL

SHORT TITLE: PGT NDM CSEP Reconciliation

DATE: 10/02/98

URGENCY: Non-urgent (target 01/05/98)

JUSTIFICATION:
To fulfil the acceptance criteria for RBD Transco must have a process for reconciling NDM PGT CSEPs in place by the 1st May 1998. This process will cater for both pre and post RBD implementation volume variances from PGTs/CSOs to ensure that energy values are accurately calculated and apportioned for shippers on NDM PGT CSEPs.

CONSEQUENCE OF NOT MAKING THIS CHANGE:
Inappropriate apportionment of reconciliation quantities (in GRE) to shippers with small supply points will occur if a suitable process for PGT NDM CSEPs is not implemented.

PGT Standard Licence Condition 11 requires Transco to offer equal treatment of all its shippers. By not being able to reconcile CSEP Reconciliation variances Transco cannot meet this Licence condition.

AREA OF NETWORK CODE CONCERNED:
Section E 6.4 CSEP Reconciliation values page E17

NATURE OF PROPOSAL:
To allow Transco to receive NDM Reconciliation volumes from PGTs/CSOs Shippers (CSEP Users) for neutrality purposes.

Process

PGTs will be required to submit a volume variance that applies to a specific Reconciliation Period. Reconciliation Periods will be Transco Gas Years, except that for the Gas Year 1997/8 there will be two Reconciliation Periods; being pre and post RBD.

PGTs will be required to calculate the volume variances, for the Reconciliation Period, that is applicable to each CSEP User (shipper) i.e. per 'logical' meter.

Transco will calculate an average value of CV, for the LDZ applicable to each CSEP, for each Reconciliation Period.

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Transco will apply the average value of CV to the volume variance to obtain an energy variance.

Transco will calculate an arithmetic average value of SAP for each Reconciliation Period. This average SAP will be applied to the energy variance to create a monetary value applicable to each CSEP User.

The monetary values will be incorporated in to the Transco neutrality mechanism.

In calculating the NTS/LDZ Commodity and LDZ Capacity charges applicable to the CSEP variance, the proposal is to average these charges over each Reconciliation Period.

PURPOSE OF PROPOSAL:
To provide a robust and simple mechanism for PGT NDM CSEP reconciliation values to be calculated and monetary values to be entered into the neutrality mechanism.

The volume variances are calculated by the PGT/CSO who provides the source data to Transco, which allows the volume variances for Shippers on NDM CSEPs to be reconciled.
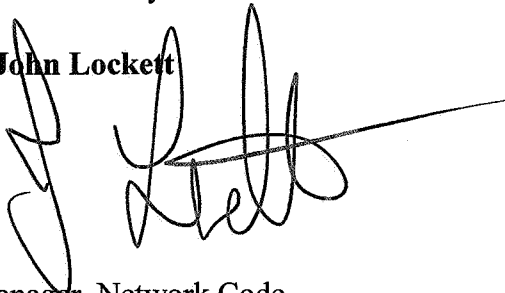
The process will also allow differential volumes to be calculated for both pre and post RBD therefore allowing volume variances and the monetary values created to be correctly apportioned to Shippers through the neutrality mechanism.

IDENTITY OF PROPOSER'S REPRESENTATIVE:
Andrew Stone and Peter Rayson

PROPOSER: John Lockett
SIGNATURE:

POSITION: Manager, Network Code
COMPANY: BG Transco

MODIFICATION PANEL SECRETARY'S USE ONLY
Reference Number: O 2 \ 6.
Date Received: 1 0 th February 1998.

Candidate Workstream. N. C. Rationalisation