

## **TRANSCO NETWORK CODE MODIFICATION PROPOSAL No. 0553**

"Amendment of Imbalance Calculations to enable Elective Aggregation of Demand across one or more Shipper ID's"

Version 1.0

**Date:** 14/06/2002

**Proposed Implementation Date:** 01/10/2002

**Urgency:** Non-Urgent

### **Justification**

Ofgem's decision to implement Modification Proposal 511 (Removal of NDM Forecast Deviation from Imbalance Calculations) from 1st October 2002 will place at a disadvantage those parties who have multiple Shipper ID's in comparison with those Shippers with a single ID. This is due to the fact that it is more reliable/accurate to forecast the demand of a single larger portfolio rather than a number of smaller portfolios. Given the timescales for implementing system changes, we believe this modification proposal needs to be progressed as quickly as possible in order to facilitate the proposed implementation date, which is aligned with the removal of Forecast Deviation.

It is believed that whilst there is a clear requirement for a User to balance inputs and offtakes, this modification will better facilitate the relevant objectives below:

the efficient and economic operation by the Licensee of its pipeline system; and  
consistent with (a) and (b) the securing of effective competition between relevant shippers.

By simplifying forecasting processes within shipper organisations, giving greater choice in how such balancing is managed, by improving forecasting accuracy due to the larger portfolio size used and hence reducing levels of risk. It is believed this modification will allow shippers to manage their systems more efficiently. In addition, it may provide opportunities in the future for the development of additional services of benefit to smaller shippers or new entrants in managing the risk associated with their portfolios.

### **Nature of Proposal**

The proposal is to create the equivalent of the Metered Volume Reallocations that exist in the electricity industry (under the Balancing and Settlement Code) in order to allow Users to choose to forecast and balance their proposals at an aggregate level.

#### *Set Up Procedures:*

It is envisaged that Shippers who wished to have their demand reallocated to another Shipper would be required to notify Transco [x] Working Days in advance of the Effective From date. The request would contain:

Name of Shipper whose Demand is to be reallocated

ID of Shipper whose Demand is to be reallocated  
Effective From Date  
Effective to date (Optional)  
Name of Shipper to whom Demand is to be reallocated  
ID of Shipper to whom Demand is to be reallocated  
Confirmation from the Shipper to whom the Demand is to be reallocated  
Percentage of Demand being reallocated

*The Demand being reallocated:*

Initially it is envisaged that reallocation would be carried out for 100% of Shipper Demand (i.e. all DM and NDM), but further refinements might be to distinguish DM and NDM, different LDZs and EUC Bands.

*Provision of Information:*

In the case if DM Demand the Shipper in whose name the relevant Supply Point(s) are registered would retain the current Network Code Obligations. Transco would continue to send the NDM Demand Forecasts to the Shipper to whom the Supply Points are registered.

The Shipper whose Demand was being reallocated would nominate zero inputs. The Shipper to whom the Demand was being reallocated would nominate inputs that related to both its won Demand and the Demand that was being reallocated to it.

*Energy Imbalance Calculation:*

The demand attribution process would work as now for DM and NDM Supply Points. The demand allocation component of the Imbalance Calculation would be amended such that the Shipper Total Demand would be its Attributed Demand (as currently calculated) less Demand which is reallocated From the Shipper plus Demand which is reallocated To the Shipper.

The effect of this is that the Energy Balance of the Shipper whose Demand is being reallocated will be zero. Whereas the Shipper to whom Demand was reallocated would have an Imbalance which reflected the difference between their total inputs and their own Demand plus that which has be reallocated to then i.e. at the aggregate portfolio level.

*Transportation Invoicing:*

This would be unaffected by the proposal i.e. the Shipper to whom the Supply Point is registered would continue to be invoiced for Transportation Services and Scheduling Charges (if applicable) as now.

**Purpose of Proposal**

To change the Imbalance Calculation rules such that the Imbalance could be calculated in the basis of aggregate demand over a number of Shipper ID's rather than the current method of

comparing the inputs allocated to a Shipper ID with the DM and deemed NDM Offtake for that Shipper ID.

**Consequence of not making this change**

Those Shippers who are operating with multiple portfolios as a result of acquisitions will be at a disadvantage in comparison with single portfolio shippers. It is impractical to perform Change of Shipper functions on large numbers of Supply Points on order to move these onto a single portfolio (with the associated costs of these transactions) and the Bulk Transfer Mechanism is only available for use in the context of Supplier of Last Resort.

**Area of Network Code Concerned**

Sections D, E and F

**Proposer's Representative**

Phillip Russell (TXU Europe Energy)

**Proposer**

Alison Kuck (TXU Europe Energy)

**Signature**

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