

TRANSCO NETWORK CODE MODIFICATION PROPOSAL No. 0590
"Provision of Additional Within Day Demand Forecast and Demand Attribution Run"
Version 2.0

Date: 31/10/2002

Proposed Implementation Date:

Urgency: Non-Urgent

Justification

Network Code modification proposal 0511 took effect from 1 October 2002 and is intended to enhance Users' incentives to balance, by removing the demand forecast deviation tolerance. From 1 October 2002 all Users' imbalances will be cashed out at System Marginal Prices.

As a consequence, Users are expected to take responsibility for their own supply/demand imbalances, thus reducing the role of Transco as residual balancer.

Transco is currently required to forecast and notify Users of the relevant demand in each LDZ and for the system for each day using a Short Term Demand Model. These demands are updated using weather data obtained by Transco at certain times, the latest of which Transco obtains at approximately 15:15 on the day. Transco **may**, but is not obliged to, notify demand at other times when it appears that the prevailing forecast may be substantially inaccurate. As the last demand attribution run is currently notified by no later than 18:00 the remaining twelve hours of the gas day could pass without any demand update. NDM demand could change quite significantly between the last Demand Forecast Time and the end of the Gas Flow Day.

Nature of Proposal

To facilitate the provision of additional demand forecasting information to Users within day, by stipulating a later time at which Transco must notify Users of its latest demand forecast and update each User's NDM Output Nomination.

Improving the information available to Users within day will provide them with the opportunity to better balance their portfolios within day and as a result should reduce the cost of residual balancing by eliminating 'dual response'. This will help facilitate the efficient and economic operation of the system.

Purpose of Proposal

For Transco to carry out an additional demand attribution run using its Short Term Demand Model and to notify Users of their revised NDM allocation via an updated NDM Output Nomination by no later than 21:30 on the day.

Transco should make use of the latest weather data, DM nominations and any metered information available at that time.

The provision of additional demand forecast information and a later demand attribution run would enable Users to improve the management of their NDM portfolios, potentially avoiding the need for Transco to take residual balancing actions.

To mitigate the risks to Users of deviations in demand/demand forecast errors from the time of the last demand attribution run to the end of the gas day. It is appropriate for Transco to provide additional forecasts and an updated NDM Output Nomination later in the gas day so that Users may take account of this information in terms of managing their overall portfolio imbalance.

To enable Users to improve their demand forecasting techniques.

To better facilitate the economic and efficient operation of Transco's pipeline system and secure effective competition between Users and suppliers.

Proposed text:

Section H.5.1.2.

"The times at which Transco will obtain weather data under paragraph 5.1.1. include the following approximate times: 11:30 hours, 15:15 hours and 23:30 hours on the Preceding Day and 07:30 hours, 11:30 hours, 15:15 hours and 19:00 hours on the Gas Flow Day."

Section H.5.2.3.

"Transco will notify demand under 5.2.1. after receipt of weather data under paragraph 5.1.1. not later than the following times: 14:00 hours, 19:00 hours and 02:00 hours on the Preceding Day and 12:00 hours, 15:00 hours, 18:00 hours and 21:30 hours on the Gas Flow Day."

Consequence of not making this change

Users will have less information available upon which to base their balancing decisions, which may create more uncertainty for Transco and hence Transco might take unnecessary balancing actions.

Area of Network Code Concerned

Section H

Proposer's Representative

Katherine Marshall (Scottish And Southern Energy plc)

Proposer

Katherine Marshall (Scottish And Southern Energy plc)

Signature

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