

# **Modification 0088**

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# Introduction

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**Presentation is intended to outline original intention of Modification 0088 and intended method of implementation.**

- **Restrictions of current NDM regime**
- **Modification 0088 proposal**
- **Workgroup development**
- **Modification 0088 Finalised**
- **Summary**
- **Way Forward**



**TOTAL**

# Restrictions of current NDM regime

- Transporters are responsible for forecasting demand for all NDM sites. The estimated demand is then sent to the Shipper who procures gas on this basis.
- For a site the demand is determined via AQ, NOT meter readings.
- Allocation of the energy uses the same formula, with updated parameters.
- Meter readings are only used at the reconciliation stage.
- Result is that NDM customers cannot have significant variations in offtake reflected in demand forecasting or allocation.
- Previously these problems could be solved by installing Dataloggers and making the site DM. This was an expensive and time-consuming solution however.
- Smart metering technology offered a possible cheaper solution.



**TOTAL**

# Modification 0088 proposal

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- TGP raised modification 0088 to examine how we can use new smart metering technology to its full potential?
- Initial proposal was broad in scope but wished to specifically achieve:
  - Facilitate variation of demand.
  - Improve demand signals to Shippers and Transporters
  - Enhanced metering data quality in UK Link
  - Improve settlement process thorough increased use of metered consumption.
- Modification identified the following areas to be looked at:
  - Site Configuration
  - Nomination process
  - Deadlines for submission of DM(AMR) reads
  - Substitution procedures in case Shippers do not submit DM(AMR) reads
- Any modification needs to capture the requirements of many different customers.



**TOTAL**

# Workgroup development

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- **A workgroup was established to help examine the best way of implementing the proposal.**
- **Several possibilities were considered including:**
  - **Remove limits on submission of meter readings for NDM sites.**

Though this would improve data quality it would not reflect changes in demand forecasting and allocation.

- **Use current DM regime with expanded capacity**

Does avoid system costs. This is a very onerous and expensive regime currently and Customers have not historically taken it up. Serious concerns over the disincentives this would create .



**TOTAL**

# Modification 0088 finalised

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Modification as developed covers the following areas:

## Site Configuration

- Site is nominated as a DM(AMR) site. To qualify the site must have Remote Meter Reading Equipment Installed.
- The User must specify when accepting the nomination offer, an effective Supply Point Registration Date at least 8 Business Days after acceptance of the Supply Point Offer.
- Once registered by the User, the site remains classified as a DM(AMR) until re-nominated as a different class of site.



**TOTAL**

# Modification 0088 finalised (2)

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## Demand Forecasting

- User submits a nomination for each site individually.
- At present if a DM nomination is not received then the system defaults to zero. This results in additional energy being smeared across all NDM sites.
- In order to protect NDM Shippers from having to procure unnecessary gas, if a Site does not have a nomination submitted, a default nomination is calculated.
- Default nomination will use past history of consumption, adjusted for weather demand if appropriate.



**TOTAL**

# Modification 0088 finalised (3)

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## Demand Allocation & Reconciliation

- Shippers will be able to submit metered volumes for each DM(AMR) site daily. The timescales will follow the current DM process.
- If a site does not have a meter reading submitted, then a default reading will be created to replace it.
- If a site does not a meter read submitted on a certain day any subsequent difference between the estimated and actual consumption will be smeared across previous day using the current DM reconciliation process.



**TOTAL**



# Summary of Modification

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- **Modification proposed allows more I&C sites to have their daily activities recorded.**
- **Improves the data used to calculate metered consumption.**
- **Also mitigates the impacts Shipper failure will have on remaining NDM sites.**
- **Accept there is a system cost, which is necessary to use new generation of Meters.**



**TOTAL**

# Way Forward

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- TGP is satisfied that the detail of the modification has been fully explored.
- Detailed Implementation Criteria have been drafted and will be discussed at final workgroup meeting.
- Expect the Panel in October to approve issuing for consultation
- Ofgem RIA?



**TOTAL**