

UNC Modification Proposal 0088 - Extension of DM service to enable Consumer Demand Side Management

Terms of Reference – Draft V1.0

Purpose

A Uniform Network Code Development Work Group is required to identify, consider and if appropriate, develop a new regime which could better facilitate consumer demand side management with respect to Larger Supply Points (LSPs).

Background

a) Issue

The proposer of Modification Proposal 0088 believes that the current Non-Daily Metered (NDM) regime inhibits the use of Automated Meter Reading (AMR) equipment for the purposes of demand side management. One of the perceived advantages of 'Smart Metering' is that it enables Industrial and Commercial consumers to actively manage their gas consumption in response to market signals, particularly in times of system stress.

The proposer has identified that the current market structure, in particular system limitations, inhibits the development of consumer driven demand side management and hence reduces the benefits of smart metering. Reconciliation of an NDM Supply Point is based on the End User Category (EUC) for a period. Hence the daily performance of a Supply Point in the reconciliation process would be inaccurate. For system purposes, the allocation process assigns an estimated demand to any NDM Supply Point, irrespective of that Supply Points actual demand, even if the Shipper submits a read for that site on the day that allocation is performed.

b) Possible solution option

Modification Proposal 0088 proposes that an additional Daily Metered (DM) service be made available whereby for LSPs, Shippers forward daily reads (received from AMR equipment installed at such sites) to Transporters. This new category could inherit all features of this existing bundled DM regime aside from the Meter Reading element which would be responsibility of the Registered User.

The proposer claims that this new service would facilitate demand side management by aligning charges levied by Transporters to supplier charges such that a consumer subject to the direct pass through of Transportation charges may make a commercial decision to cease the use of gas on a high gas price day.

It is envisaged that the outcome of the Development Workgroup may necessitate a 'second phase' to consider options identified within the Workgroup Report in greater depth.

Scope

To the extent of identifying and considering high level options for regime change which could meet the aspirations of the proposer.

Deliverables

The Development Workgroup will undertake the following work:

1	Understand the requirements.
2	Understand the current UNC DM and NDM Meter Reading regime (including relevant supporting systems and processes).
3	Identify high level solution options which are consistent with improving demand side management.
4	Identify advantages/benefits and disadvantages/risks associated with the options identified.
5	Draw conclusions and make recommendations in respect of any further work to be undertaken by the Development Workgroup.

A Development Workgroup Report will be produced containing the findings of the workgroup in respect of the work identified above.

Limits

The Development Workgroup will concern itself with considering changes required to the following:

- Uniform Network Code.
Including:

Before the day daily activities, close out, nominations, missing reads, daily read error, liabilities, check reads, billing/settlement, NDM Demand Estimation etc.

The Development Workgroup in its initial phase will not concern itself with:

- Detailed changes required to processes and procedures
- Detailed changes required to existing systems
- Development of detailed business rules

However, if, following production of its report to the UNC Modification Panel after 3 months, further work is requested, it is expected that the above activities would need to be considered.

Composition

The Development Workgroup will comprise the following representation

Name	Organisation
Julian Majdanski (Chair)	Joint Office
Helen Cuin (Secretary)	Joint Office
Gareth Evans (Proposer)	Total Gas & Power
Alex Travell	EON
Ben Barry	National Grid Metering
Chris Logue	National Grid Transmission
Chris Warner	National Grid Distribution
Claire Rozyn	Ofgem Representative
Liz Spierling	Wales and West Utilities
Marie Clark	Scottish Power
Mitch Donnelly	British Gas

Phil Broom	Gaz de France
Rob Cameron-Higgs	Northern Gas Networks
Sallyanne Blakett	xoserve
Shelley Rouse	Statoil
Simon Howe	RWE Npower
Steve Nunnington	xoserve
Tim Davis	Joint Office
Tricia Moody	xoserve

A workgroup meeting will be quorate provided 2 Transporter and 2 User representatives are present.

Information Sources

- Uniform Network Code – Sections C, E, G, H, M, S (others to be identified).
- Supply Point Administration Agreement (SPAA).
- GT, Shipper and Supplier Licences.
- Gas Act.
- Meter Asset Managers Codes of Practice (MAMCoP).
- Various Industry legislation as appropriate – may include reference to:
 - Gas Safety (Installation & Use) Regulations.
 - Gas Safety (Management) Regulations.
 - Industry Codes of Practice as relevant.

Timetable

The inaugural meeting of the Group is envisaged to be in July 2006. It is intended that an initial Work Group report (as referred to in 'Deliverable' above) will be made to the September 2006 UNC Modification Panel. In addition, the Workgroup will report monthly to the UNC Modification Panel.

Note:

- Frequency of meetings – monthly. The frequency of meetings will be subject to review and potential change by the Development Workgroup.
- Meetings will be administered by the Joint Office and conducted in accordance with the Chairman's Guidelines.