

Review Group Terms of Reference
Review Proposal 0114R
Revisions to Maximum Daily Permissible SPA Volumes

Nature of Review Proposal

Urgent Modification 0114 detailed three proposals which were closely interrelated, but distinct.

1. The UK-Link manual set a daily limit on the "Confirmations only for a Supply Point less than 73, 200 kWh" at 35 000. Similarly it set a daily limit on the "Confirmations for a Supply Point greater than 73, 200 kWh" at 4 800. A Benchmarking exercise revealed that UK-Link can in fact process 47 000 **total** confirmations in the time allowed for the process in a day.

It was assumed that the number of confirmations in the > 73 200 kWh (Industrial and Commercial) market would not change significantly. Therefore the maximum quoted for Confirmations only < 73 200 was increased from 35 000 to 42 200 so that the total for the two confirmations processes is equal to the performance demonstrated by the Benchmarking Exercise (i.e. $4\,800 + 42\,200 = 47\,000$.)

2. The manual set a daily limit on the "Transfers of Meter Point Ownership" at 102 000. However, the Benchmarking exercise revealed that UK-Link could in fact only process 50 000 Transfers in the time allowed for the process in a day.

The concept of restricting the number of Confirmations leading to Transfers of Ownership was discussed with Shippers and Ofgas at the Domestic Competition Focus Group Meeting on 11/10/96. It was accepted that there should be a limit of 50 000 on the number of Transfers of Ownership processed in any one day. In order to restrict the number of Transfers of Ownership, a mechanism was required to control the confirmations which lead to a Transfer of Ownership. Therefore the concept referred to as "smoothing the peak" was proposed at the meeting:

Shippers were required to inform TransCo in advance of the number of Transfers of Ownership that they want to process for the start of Phase 2. TransCo could then monitor whether the 50 000 limit was likely to be exceeded.

Also, when shippers submitted their **actual** confirmations for Transfers of Ownership they were required to be split equally over three of days at the start of Phase 2 of Domestic Competition. For example, if Shipper A wanted to acquire 45 000 sites at the start of Phase 2a, then they were required to submit total confirmations which added up to: 15 000 Confirmations with a Confirmation Effective Date of 10/2/97, 15 000 with an effective Date of 11/2/97, and 15 000 with an effective Date of 12/2/97.

The concept of "Smoothing the Peak" and resultant limit on the Transfers of Ownership had been agreed with the shippers and therefore the maximum quoted for the Transfers of Meter Point Ownership was decreased from 102 000 to 50 000.

3. The manual did not quote a maximum for the receipt of meter reads or the generation of opening read requests. However, the Benchmarking exercise revealed that UK-Link could either:
process 44 000 meter reads (including opening reads submitted by shippers, opening reads submitted by MRA, and cyclic reads); **or** generate 66 000 opening meter read requests in the time allocated for the process in a day. Therefore two new lines were inserted in the table for the manual to reflect these maxima.

Note: this proposed amendment had a particular significance for Domestic Competition Phase II as follows:

Opening meter reads for Domestic Sites must be received between D-2 and D+7. Proposal 2 above restricts the number of Transfers of Ownership to 50 000 per day, but clearly there is a window each side of this day during which the opening read can be submitted. It is possible, therefore, for the 50 000 opening reads arising from the Transfers on several days to stack up on to one day (e.g. the opening reads for a transfer on 10/2 could come in on D+7 and the opening reads for a transfer on 11/2 could come in on D+6, which would be the same physical day). Of course the picture could be worsened if this peak happens to coincide with peaks in cyclic reads or if a peak in opening read requests coincided with a peak in monthly reads.

Scope of Review Group.

To the extent of evaluating the effectiveness of the modifications made to the UK-Link manual following the implementation of Domestic Competition Phase II and consideration of whether the quoted maximum permissible volumes will be adequate for Domestic Competition Phase III.

Work Group Composition

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Terms of Reference

1. To review the actual performance of UK-Link during DC phase II with respect to processing Confirmations and to investigate whether potential performance improvements have been realised.

2. To investigate whether the limit of 50 000 Transfers of Ownership was adequate for the implementation of DC phase II and to evaluate the effectiveness of the concept of 'smoothing the peak'.
3. To review the actual performance of UK-Link during DC phase II with respect to processing incoming meter reads and the generation of opening meter read requests and to investigate whether potential performance improvements have been realised.
4. To investigate the suitability of the revised maximum daily volumes for Domestic Competition phase III

Timetable

Draft Terms of Reference to Mod Panel	20 March 1997
Convene Review Work Group	April 1997
Review Group Report for Mod Panel	October 1997