

Amendment to DM reconciliation smearing

Date: 5th February, 1997

Proposed Implementation Date: Immediately

Urgency: Urgent

Justification: The modification will ensure that Reconciliation Neutrality Charges generated in relation to DM Reconciliation and CSEP DM Reconciliation, are calculated in relation to the sum of the relevant User's NDM UDQOs for each day in the relevant month.

Consequence of not making this change: Those shippers with DM loads would be subject to smearing charges associated with DM Reconciliation Smearing which are not appropriate. These charges should be smeared across NDM load.

Area of Network Code Concerned: Reconciliation Neutrality F14 para 6.1.3. (b) and 6.3.1.

Nature of Proposal:

Under paragraph F 6.1.3 and F 6.3.1 the Network Code smears the DM and CSEP DM reconciliation neutrality amounts in relation to DM UDQOs.

However, when the algorithm apportions LDZ throughput under section H (Demand Estimation) to NDM loads it first deducts DM throughput and then apportions the remaining gas to NDM loads in relation to the EUCs and other algorithm parameters.

If the DM allocations require reconciling, then by implication any change in the DM allocation will have impacted on the original NDM allocations.

Therefore the proposal is to modify the Network Code to ensure that the DM clearing charges are smeared across the Shipping community in relation to the NDM proportions, such as that the Shippers who originally "supported" DM loads are credited/debited appropriately.

Example

If on a day DM demand was 100 units, and LDZ throughput was 1000 units, then the algorithm will allocate 900 units to NDM.

If after DM reconciliation the DM portion of the LDZ throughput should have been 90 units, then the NDM portion should have been allocated 910 units. Thus the smearing of the 10 units of DM neutrality charges should be smeared across NDM throughput in the month.

Purpose of Proposal: To ensure that Reconciliation Neutrality charges are smeared in relation to the appropriate UDQOs.

Proposed Text: Section F Reconciliation Neutrality: 6.1.3. (b)

"relevant UDQO" means:

- (i) in relation to NDM Reconciliation, DM Reconciliation or CSEP Reconciliation, a UDQO of a relevant User in respect of an NDM Supply Point Component.

Delete 6.1.3 (b) iii

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