

Quantum Energy Distribution Ltd

NETWORK CODE MODIFICATION PROPOSAL

SHORT TITLE: Recovery of SMP costs due to AQ 97 review process
DATE: 27 April 1998
URGENCY: Urgent retrospective proposal

JUSTIFICATION

As a result of AQ Review 97, a number of M Number's had their AQ's i which significantly increased the portfolio size. After checking th proposed AQ's it became apparent the increases were incorrect and th were appealed. Subsequent successful appeals reduced the AQ's to th level.

As a result of the incorrect portfolios during October, November and the period before appeals reduced portfolio sizes - daily demand att also incorrect, therefore exposing shippers to the System Marginal P

After reconciliation for this period the increased gas volumes are r however the actual costs incurred are lost because gas is reconciled System Average Price.

CONSEQUENCE OF NOT MAKING THE CHANGE

If the change is not made shippers will incur a loss for reconciled for the difference between the System Marginal Price and the System Price.

Also, gas was purchased on a daily basis and as reconciliation did n up to six months after the day, shippers have incurred significant c implications.

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AREA OF NETWORK CODE CONCERNED

E 6.2.4

NATURE OF PROPOSAL

This is a retrospective modification proposal because of bona fide i AQ's which inflated daily demand. This caused gas inputs to fall be tolerance allowances, therefore incurring System Marginal Prices.

PURPOSE OF PROPOSAL

The purpose of the proposal is to recover costs from Transco due to exposure as a result of the erroneous AQ's from October 97.

DATE RECEIVED: 29/04/98
REF.NO: 0234