

Draft Modification Report
Provision of Additional Within Day Demand Forecast and Demand Attribution Run
Modification Reference Number 0590

Version 2.0

This Draft Modification Report is made pursuant to Rule 8.9 of the Modification Rules and follows the format required under Rule 8.9.3.

Draft Modification Report issued	07/11/2002
Closeout for Representations	28/11/2002
Final Modification Report	19/12/2002

1. The Modification Proposal

The Modification proposes additional weather data is obtained, from the Meteorological Office at 19:00hr within day. Following receipt of this data it is proposed that Transco will carry out an additional demand attribution run and provide notification of Users revised NDM allocations, via an updated NDM Output Nomination at 21:30 on the gas day.

2. Transco's Opinion

The Network Code requires Transco to provide a final demand attribution run for Users at 16:00hr within day. As part of the development of Modification Proposal 0511, 'Removal of the NDM Forecast Deviation from Imbalance Tolerance Quantity', it was recognised that there may be some value to Users in the provision of an additional demand run later in the day. This may enable Users to use the later Demand Attribution to inform their estimates of allocated NDM demand. This might then facilitate Users to better manage their imbalance exposure. Implementation of an additional Demand Attribution run was not then believed to be complex or costly as it would effectively duplicate the 16:00hr attribution run processes and utilise the same 15:15hr weather data. It was, however, noted that the scheduling of processes to support this attribution run should be considered to ensure that other batch scheduling could take place without performance deterioration.

Transco does not oppose the principle of providing an additional demand attribution run later within day. However, recent Transco system performance issues have emphasised the desirability of carefully considering whether the facilitation of a later attribution run might adversely impact ongoing AT Link Systems performance. However, work is already in hand which seeks to enhance AT Link performance, and these improvements are due to be completed by the end of November 2002. This coincides with the proposed issue date of the Final Modification Report. Transco advises that it will, therefore, be in a better position to express a view on the Modification Proposal within its response for the Final Modification Report.

Additional Weather Forecast

Provisions under Network Code dictate that Transco will carry out a demand attribution run using the last available weather data obtained from the Meteorological Office the last forecast is currently provided at 15:15hr within day. This Modification proposes that an

additional weather report is provided at 19:00hr within day, the cost of which might be considered material. Moreover, Transco would incur considerable system costs to configure SC95 to compute the weather data. Transco contends that the cost of obtaining and utilising additional weather data for the proposed 21:30hr run is unlikely to outweigh the benefits to Users in providing better accuracy arising from the later weather forecast. Transco would point out that weather information at that point in the day would have a marginal bearing on demand forecasts as Transco would place more reliance on actual flows being seen on the System.

Due to costs and marginal benefit Transco does not support the procurement of an additional weather forecast report. However should this be required Transco would welcome views as to how, and from whom, such costs should be recovered.

Review Group - 0567, 'Review of NDM Demand Forecasting Methodology', is exploring the provision of LDZ aggregate forecasting data, WCF, SF, 00:00hr within day attribution run and/or other data that may assist in providing accurate information which may facilitate Users in assessing NDM demand changes on a regular basis through the gas day. Transco would welcome views on further information that may assist Users in accurately calculating NDM demand changes through the day.

3. Extent to which the proposed modification would better facilitate the relevant objectives

The Proposer contends that, "Improving the information available to Users within day will provide them with the opportunity to better balance their portfolios within day and as a result may reduce the cost of residual balancing by eliminating 'dual response'. This will help facilitate the efficient and economic operation of the system".

4. The implications for Transco of implementing the Modification Proposal , including a) implications for the operation of the System:

Transco does not anticipate any such implications unless it is essential to amend other processing requirements to accommodate the demand attribution run. During year 2003, it is proposed that AT Link will be replaced by Gemini and therefore significant expenditure on AT Link at this stage might be considered inefficient and uneconomic.

b) development and capital cost and operating cost implications:

Transco does not anticipate significant development costs for the implementation of an additional attribution run.

The annual subscription for an additional weather data and system cost to configure SC95 to compute the data is considered to be material.

c) extent to which it is appropriate for Transco to recover the costs, and proposal for the most appropriate way for Transco to recover the costs:

Transco would welcome views on appropriate methods of recovering costs arising from the subscription fee for additional weather data provided by the Meteorological Office.

d) analysis of the consequences (if any) this proposal would have on price regulation:

Transco does not anticipate any such consequences.

5. The consequence of implementing the Modification Proposal on the level of contractual risk to Transco under the Network Code as modified by the Modification Proposal

Development Work Group 0565 - 'Standards of Service Review' is currently developing service standards for Transco Systems. These standards propose that Transco makes liability payments to Users in the event of system failure. The extent of these proposed liabilities would need to be fully considered should this Proposal be implemented.

6. The development implications and other implications for computer systems of Transco and related computer systems of Users

The Proposal to implement an additional 21:30hr demand attribution run within day potentially causes contentions with other batch processes that are run during the same period and utilising the same tables with a high probability of compromising Transco System performance. Transco IT department is undertaking a programme of works to improve System performance and processing this is due to be completed by the end of November 2002. The extent of these improvements is not yet known.

For the purposes of the utilising additional weather forecast, Transco would incur considerable system costs in respect of configuring SC95 to compute the weather data.

Transco is not aware of any development or other implications for related computer systems of Users. Transco would welcome User views as part of the consultation process.

7. The implications of implementing the Modification Proposal for Users

Transco does not anticipate any implications for Users.

8. The implications of implementing the Modification Proposal for Terminal Operators, Consumers, Connected System Operators, Suppliers, producers and, any Non-Network Code Party

No such implications are anticipated.

9. Consequences on the legislative and regulatory obligations and contractual relationships of Transco and each User and Non-Network Code Party of

implementing the Modification Proposal

No such implications are anticipated.

10. Analysis of any advantages or disadvantages of implementation of the Modification Proposal

Advantages :-

- May mitigate User risk from deviations in NDM demand between the 16:00hr attribution run through to the end of the gas day.
- May allow Users to better manage their imbalance positions.

Disadvantages:-

- The scheduling of a 21:30hr attribution run within day conflicts with batch processing schedules already in place, with a high probability of adversely affecting AT Link system performance and processing.
- Cost of an additional weather forecast would be high compared with the benefits accrued.
- Late provision of demand information may create greater uncertainty on the System, given that Transco will not be sure whether Users will respond to demand changes or not. This may generate increased flow rate variations late in the day which may be to the detriment of the economic and efficient operation of the System.

11. Summary of the Representations (to the extent that the import of those representations are not reflected elsewhere in the Modification Report)

Representations are now sought.

12. The extent to which the implementation is required to enable Transco to facilitate compliance with safety or other legislation

Transco does not anticipate any such requirement.

13. The extent to which the implementation is required having regard to any proposed change in the methodology established under Standard Condition 4(5) or the statement furnished by Transco under Standard Condition 4(1) of the Licence

Transco does not anticipate any such requirements.

14. Programme of works required as a consequence of implementing the Modification Proposal

Transco does not support the implementation of the Modification Proposal therefore no timetable has been provided.

15. Proposed implementation timetable (including timetable for any necessary information systems changes)

Transco does not support the implementation of the Modification Proposal therefore no timetable has been provided.

16. Recommendation concerning the implementation of the Modification Proposal

Transco does not recommend the implementation of this Modification Proposal.

17. Text

Representations are now sought in respect of this Draft Report and prior to Transco finalising the Report

Signed for and on behalf of Transco.

Signature:

Tim Davis
Head of Regulation NT&T

Date: