

Draft Modification Report
Proposal to amend Annex A of the CSEP NExA by replacing the current version of the
AQ Table
Modification Reference Number 0328
Version 1.0

This Draft Modification Report is made pursuant to Rule 9.1 of the Modification Rules and follows the format required under Rule 9.4.

1 The Modification Proposal

The purpose of this Modification is to:

1. Facilitate an amendment to the CSEP NExA, Annex A Part 8 by replacing the current published version of the AQ Table with the version inserted below.
2. To update the table published in UNC TPD Section G Annex G-3 with the AQ values within the proposed Table inserted below.

Amendment to CSEP NExA, Annex A, Part 8

IGTs are required to adopt the AQ values present within the NExA AQ Table for the purpose of calculating domestic transportation charges through the Relative Price Control (RPC) Charging Methodology. The AQ values represent a reasonable estimate of the value of gas consumed in accordance with house type and geographical location. Periodically the values within the AQ Table are reviewed. The last review of the AQ Table was undertaken following the iGT AQ Review 2004/05 and the required changes to the AQ Table were implemented through Ofgem approval of Modification 75.

Revised SND data will be applied to all AQ values effective from 1/10/10. It is therefore reasonable to expect the AQ values contained within the CSEP NExA AQ Table be amended to take account of seasonal changes.

From the information published by xoserve on 4th August 2010, ScottishPower has calculated and applied an average AQ Conversion Ratio, based on the sum of conversion factors for EUC 01B by LDZ within a Geographical Area i.e. South, Average and North as displayed within the CSEP NExA Table.

For information a Modification has been raised to the iGT UNC to replace the current published CSEP AQ Table with the revised version

Replace the table in UNC TPD Section G Annex G-3

As a consequence of replacing the AQ Table held within the CSEP NExA, the AQ values published within the table held within UNC TPD Section G, Annex G-3 are to be updated. This table which is broadly similar to the CSEP NExA AQ Table was inserted into the UNC following approval of UNC Modification 99.

The revised AQ Table to be inserted within the CSEP NExA is as undernoted:

Estimated Average Annual Gas Consumption for New Build Dwellings in the UK							
NExA AQ Values Effective from							
Band	House Type	South SW, NT, WS, SO (92%)		Average WN, SE, NW, EA, EM, WM, NE (0%)		North NO, SC (108%)	
		AQ (kWh)	TPA	AQ (kWh)	TPA	AQ (kWh)	TPA
A	1 Bed	8,431	288	9,172	313	9,646	329
B	2BF, 2BT	10,176	347	10,785	368	11,105	379
C	2BS, 2BD, 3BT, 3BF	12,550	428	12,948	442	13,578	463
D	3BS, 2BB	13,724	468	13,983	477	15,118	516
E	3BD, 3BB	15,477	528	16,559	565	18,820	642
F	4BD, 4BT, 4BS	18,961	647	20,283	692	21,612	737
G	5BD, 5BS, 6BD	26,855	916	28,744	981	29,696	1,013

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User Pays

- a) Classification of the Proposal as User Pays or not and justification for classification**

Not applicable.

- b) Identification of Users, proposed split of the recovery between Gas Transporters and Users for User Pays costs and justification**

No User Pays charges applicable.

- c) Proposed charge(s) for application of Users Pays charges to Shippers**

No User Pays charges applicable to Shippers.

- d) Proposed charge for inclusion in ACS – to be completed upon receipt of cost estimate from xoserve**

No charges applicable for inclusion in ACS.

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Extent to which implementation of the proposed modification would better facilitate the relevant objectives

Standard Special Condition A11.1 (a): the efficient and economic operation of the pipe-line system to which this licence relates;

Increased accuracy within the AQ values contained within the CSEP NExA AQ Table will improve the estimation of the amount of gas which is offtaken at the CSEP and subsequent energy allocation to Shippers over the gas pipeline.

This in turn will result in increased accuracy of costs.

Standard Special Condition A11.1 (b): so far as is consistent with subparagraph (a), the coordinated, efficient and economic operation of

- (i) the combined pipe-line system, and/ or***
- (ii) the pipe-line system of one or more other relevant gas transporters;***

Increased accuracy within the AQ values contained within the CSEP NExA AQ Table will improve the estimation of off-take quantities at the CSEP.

Standard Special Condition A11.1 (c): so far as is consistent with subparagraphs (a) and (b), the efficient discharge of the licensee's obligations under this licence;

Implementation would not be expected to better facilitate this relevant objective.

Standard Special Condition A11.1 (d): so far as is consistent with subparagraphs (a) to (c) the securing of effective competition:

- (i) between relevant shippers;***
- (ii) between relevant suppliers; and/or***
- (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers;***

Increased accuracy of AQ values will result in improved allocation of energy and costs between Shippers.

Standard Special Condition A11.1 (e): so far as is consistent with subparagraphs (a) to (d), the provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards... are satisfied as respects the availability of gas to their domestic customers;

Implementation would not be expected to better facilitate this relevant objective.

Standard Special Condition A11.1 (f): so far as is consistent with subparagraphs (a) to (e), the promotion of efficiency in the implementation and administration of the network code and/or the uniform network code;

Implementation would not be expected to better facilitate this relevant objective.

4 The implications of implementing the Modification Proposal on security of supply, operation of the Total System and industry fragmentation

No implications on security of supply, operation of the Total System or industry fragmentation have been identified.

- 5 The implications for Transporters and each Transporter of implementing the Modification Proposal, including:**
- a) Implications for operation of the System:**
Not applicable.
- b) Development and capital cost and operating cost implications:**
Not applicable.
- c) Extent to which it is appropriate to recover the costs, and proposal for the most appropriate way to recover the costs:**
Not applicable.
- d) Analysis of the consequences (if any) this proposal would have on price regulation:**
Not applicable.
- 6 The consequence of implementing the Modification Proposal on the level of contractual risk of each Transporter under the Code as modified by the Modification Proposal**
Not applicable.
- 7 The high level indication of the areas of the UK Link System likely to be affected, together with the development implications and other implications for the UK Link Systems and related computer systems of each Transporter and Users**
Not applicable.
- 8 The implications of implementing the Modification Proposal for Users, including administrative and operational costs and level of contractual risk**
- Administrative and operational implications (including impact upon manual processes and procedures)*
Not applicable.
- Development and capital cost and operating cost implications*
Not applicable.
- Consequence for the level of contractual risk of Users*
Not applicable.
- 9 The implications of implementing the Modification Proposal for Terminal**

Operators, Consumers, Connected System Operators, Suppliers, producers and, any Non Code Party

The revised AQ values will require to be adopted for charging of transportation charges by iGTs.

10 Consequences on the legislative and regulatory obligations and contractual relationships of each Transporter and each User and Non Code Party of implementing the Modification Proposal

Not applicable.

11 Analysis of any advantages or disadvantages of implementation of the Modification Proposal

Advantages

- Outlined in above sections.

Disadvantages

- None identified.

12 Summary of representations received (to the extent that the import of those representations are not reflected elsewhere in the Modification Report)

Written Representations are now sought in respect of this Draft Report. Consultation End Date: 07 October 2010.

13 The extent to which the implementation is required to enable each Transporter to facilitate compliance with safety or other legislation

Implementation is not required to enable each Transporter to facilitate compliance with safety or other legislation.

14 The extent to which the implementation is required having regard to any proposed change in the methodology established under paragraph 5 of Condition A4 or the statement furnished by each Transporter under paragraph 1 of Condition 4 of the Transporter's Licence

Implementation is not required having regard to any proposed change in the methodology established under paragraph 5 of Condition A4 or the statement furnished by each Transporter under paragraph 1 of Condition 4 of the Transporter's Licence.

15 Programme for works required as a consequence of implementing the Modification Proposal

No programme of works would be required as a consequence of implementing the Modification Proposal.

16 Proposed implementation timetable (including timetable for any necessary information systems changes and detailing any potentially retrospective impacts)

The CSEP NExA should be amended as soon as possible following the direction from the Authority to implement this Modification.

The table held within Section G, Annex G-3 should be updated following implementation of this Modification.

17 Implications of implementing this Modification Proposal upon existing Code Standards of Service

No implications of implementing this Modification Proposal upon existing Code Standards of Service have been identified.

18 Recommendation regarding implementation of this Modification Proposal and the number of votes of the Modification Panel

19 Transporter's Proposal

This Modification Report contains the Transporter's proposal to modify the Code and the Transporter now seeks direction from the Gas and Electricity Markets Authority in accordance with this report.

20 Text

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

For and on behalf of the Relevant Gas Transporters:

Tim Davis
Chief Executive, Joint Office of Gas Transporters