

CODE MODIFICATION PROPOSAL No 0268
Change to the Provisions Determining the Earliest Reading Date Applicable within the
AQ Review
Version 1.0

Date: 07/10/2009

Proposed Implementation Date: 12/02/2010

Urgency: Non Urgent

Proposer's preferred route through modification procedures and if applicable, justification for Urgency

(see the criteria at http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/11700_Urgency_Criteria.pdf)

The Proposer recommends that the Proposal is referred to the Distribution Workstream for a period of two months, reporting back to the December 2009 meeting of the UNC Modification Panel.

1 Nature and Purpose of Proposal (including consequence of non implementation)

Background

The outputs from the 2010 Seasonal Normal (SN) Review (undertaken pursuant to Section H1.4.2 of the UNC TPD) will be revised Seasonal Normal Composite Weather Variables (SNCWVs), which give a view of average weather for the next five years, and revised historical Annual Load Profiles (ALPs), Daily Adjustment Factors (DAFs) and Estimated Weather Correction Factors (EWCFs) values based on the new SN basis.

These revised values will be used to derive revised Weather Adjusted Annual Load Profiles (WAALPs) which will subsequently be used in the calculation of all Non-daily Metered (NDM) Annual Quantities (AQs). AQ's utilise the historical WAALP to adjust the metered quantity of the AQ to a SN value (as specified in UNC H3.1.1).

As a result of timing, volume of analysis and time taken to re-run the models to create these parameters, WAALP values only pertaining to the period post 1 October 2006 can be derived. As a result, the models that will be used to derive the new parameters are based on EUC sample sets covering analysis years 2006/07, 2007/08 and 2008/09. Using models to derive WAALPs for any period prior to 1 October 2006 is not practical since the data underlying the models does not cover periods prior to this date.

UNC TPD Section H3.2.3 specifies the earliest possible date of a starting Meter Read that can be utilised to derive an AQ for a Supply Meter Point. Pursuant to the implementation of Modification 0018 on 1 June 2005 this date was specified as 1 October 2002 (the 'AQ backstop date') in order to ensure that AQs would only be calculated from Meter Readings subjected

to prevailing WAALPs. The date of the 1 October 2002 reflects the earliest applicability date for the current WAALPs that will be superseded by the 2010 values.

Proposal

In order to prevent the application of outdated WAALPs to Provisional and final AQ values on an enduring basis, it is proposed to replace the current fixed AQ backstop date specified within section H3.2.3 with a 'Backstop Date' which rolls forward upon the occurrence of a SN Review.

This proposed 'Backstop Date' would be 1 October in the 4th year prior to the start of the Gas Year in which a SN Review becomes effective and the new 'Backstop Date' would become effective from 1st February of the preceding Gas Year.

For example:

- For a SN Review which becomes effective from 1 October 2010, from 1 February 2010 the backstop date will be 1 October 2006
- For a SN Review which becomes effective from 1 October 2015, from 1 February 2015 the backstop date will be 1 October 2011

A reflective change will also be required within section H3.2.4 which also currently specifies the 1 October 2002 earliest reading date.

Implications

In absence of the proposed 'Backstop Date', the period which an AQ can be calculated using the earliest read date that will be used in an AQ calculation in 2010 (as per UNC TPD H3.2.3) is anticipated to be March 2004. As a comparison, in 2005 the AQ backstop date was changed to 1 October 2002. This initially resulted in a shorter period than being proposed now – the 2005 AQ Review utilised reads back to October 2002 (3 years preceding the AQ effective date) whereas it is proposed this period is between 4 and 8 years on an enduring basis.

The number of meter points that did not calculate as a result of the new backstop date being implemented in 2005 (i.e. due to the inability to utilise readings taken prior to 1 October 2002) was 446. This comprised 11 Smaller Supply Points and 435 Larger Supply Points. This was 446 out of a total of 4.5 million that did not calculate that year (for various other reasons).

In summary, in 2005, 99.99% of non-calculations were due to these other reasons and 0.01% was due to the backstop date.

As the proposed rolling backstop date allows a wider measurable period than in 2005 it is believed that the imposition of such will have even less of an impact than identified in 2005.

For those Meter Points where an AQ is not recalculated (e.g. due to lack of reads), a multiplicative factor (representing the difference between the old SN basis and the new SN basis) will be applied to the current AQ, thereby enabling the 'carried forward' current AQ to be reflective of the new SN basis (as per UNC section H3.4.4).

2 User Pays

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

There are no User Pays aspects to this Proposal.

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

N/A

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

N/A

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

N/A

3 Basis upon which the Proposer considers that it will better facilitate the achievement of the Relevant Objectives, specified in Standard Special Condition A11.1 and 2 of the Gas Transporters Licence

NGD believes that the measures identified within this UNC Modification Proposal further the GT Licence 'code relevant objective' of facilitating the efficient and economic operation by the licensee of its pipe-line system by enabling AQs to be adjusted to reflect the latest seasonal normal information.

4 Any further information (Optional), likely impact on systems, processes or procedures, Proposer's view on implementation timescales and suggested text

Changes will be required to be made to the UK Link systems to address the following:

- use of the newly calculated WAALPs
- overwriting historical WAALPs
- population of WAALP data per End User Category for every day going back to 1 October 2006.
- application of a factor to meter points that have insufficient read data resulting an AQ not being calculated. This will adjust the AQ in line with the new seasonal demand.

It is recommended that, subject to the appropriate direction by the

Authority, this Proposal is implemented by 12th February 2010 to enable revised values to be in place for the calculation of Provisional Annual Quantities for the 2010 AQ Review.

5 Code Concerned, sections and paragraphs

- a) Uniform Network Code
- b) Transportation Principal Document

Section(s) H3.2.3, H3.2.4

Proposer's Representative

Chris Warner (National Grid Distribution)

Proposer

Chris Warner (National Grid Distribution)