

**Representation For. 0098**  
"Modification to Codify Emergency Curtailment Quantity (ECQ) Methodology"  
Version 1.0

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**Slant:** For  
**Strictly Confidential:** No

**Abstract**

This is the joint response of RWE npower and RWE Trading GmbH to modification proposals 0098 and 0098a.

We support modification proposal 0098 but oppose the alternative modification proposal 0098a.

Modification proposal 0098 includes an extra step in the methodology for calculating the Day 1 ECQ for a DM site in the event an OPN is not available but a previously submitted daily nomination is. This daily nomination should always represent a more accurate reflection of such a site's expected consumption on the day in question than any historical allocation or scaled SOQ and so should logically be included within the ECQ methodology.

Each transporter has an obligation under the UNC to reasonably estimate ECQs based on the information available to it and shippers provide DM Output Nominations to NG NTS to enable them to balance the total system at the day ahead stage and throughout the day. The processes and systems NGG NTS use to balance the totla system and the extent to offtake information is passed to DN transporters are not transparent to shippers. The fact that nomination information appears not to be used in the systems transporters have devised to calculate shipper ECQs and/or may not currently be passed on to all transporters is not in itself a reason for excluding it from the methodology.

It is not possible for us to guage the extent of any re-write that may be required to the transporters current ECQ calculator to accommodate inclusion of this extra step in the ECQ methodology. However, to the extent this is a material issue, we would expect transporters to adopt a manual work around this winter as it is unacceptable simply to expect shippers to resolve any ECQ discrepancies arising from not using nomination data through the ECQ disputes process bearing in mind the material impact this could have on a shippers imbalance exposure during the intervening period.

Not including this extra step in the ECQ methodology may also adversely impact the efficiency of any demand side response arrangements shippers are able to put in place with large DM customers. In the event customers do provide demand side response but this is not reflected in a

shippers portfolio balance (because a nomination giving effect to this is ignored), a shipper would face the prospect of having to pay compensation to the customer whilst experiencing an immediate dis-benefit and having to rely on an untested claims process to ensure they were not disadvantaged as a consequence of the customers actions.

Including the extra step will also remove the distortion that will inevitably arise from shippers only challenging ECQs where they exceed the daily nomination but not challenging those where the nomination is greater than the ECQ based on a historical allocation.

The extent to which shippers may face material financial exposure as a result of ECQ Trades attributed to them should not be underestimated, particularly in a prolonged emergency. Relying on historical allocation data that is inherently inaccurate when more accurate information has been provided could increase a shippers financial exposure unnecessarily, and in extremis this could force shippers into premature failure.

With regard to the governance arrangements that should be applied to the ECQ Methodology, we are not against the concept of including it as a UNC ancillary document as proposed in modification proposal 0098a. However, it is not clear to us how shippers would be able to propose changes to the ECQ Methodology through the modification procedure (as suggested in the modification proposal) if it were introduced as a UNC ancillary document. In the case of modification proposal 730, the documents referred therein require the transporter to prepare, publish and revise them subject to the majority approval of the Uniform Network Code Committee. They do not seem to provide the Uniform Network Code Committee, or any individual shipper, the opportunity to propose changes to them.

In the event legal text is produced which demonstrates that the Uniform Network Code Committee and/or a shipper individually may propose changes to the ECQ Methodology, and which clearly highlights how such proposals will be accepted or rejected we would be prepared to accept its inclusion as an UNC ancillary document. In the absence of such assurance however, we believe that the ECQ Methodology should be transposed into the UNC itself.