

Stage 02: Workgroup Report

0392:

Proposal to amend Annex A of the CSEP NExA table, by replacing the current version of the AQ table.

Update the Nexa table in CSEP NExA, Annex A Part 8, and UNC TPD Section G Annex G---3 to reflect more up to date information



The Workgroup recommends that this modification should now proceed to Consultation



Medium Impact:
Users (Shippers), iGTs and DNOs.

What stage is this document in the process?



0392

Workgroup Report

30 August 2011

Version 1.0

Page 1 of 13

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Contents

- 1 Summary
- 2 Why Change?
- 3 Solution
- 4 Relevant Objectives
- 5 Impacts and Costs
- 6 Implementation
- 7 The Case for Change
- 8 Legal Text
- 9 Recommendation

About this document:

The purpose of this report is make a recommendation to the Panel, to be held on XX XXXX 201X, on whether Modification 0392 is sufficiently developed to proceed to consultation and to submit any further recommendations in respect of the definition and assessment of this self-governance modification.



3 **Any questions?**

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0392

Workgroup Report

30 August 2011

Version 1.0

Page 2 of 13

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1 Summary

Is this a Self-Governance Modification

This is not a self governance modification.

Why Change?

There has been no change to the CSEP NExA table values since 2006. Analysis from the workgroup demonstrates that the AQ values have moved to such a level that the current table requires update with more accurate and up to date information.

The CSEP NExA values are fixed, and are the basis of the Transportation charges issued by the IGT. The IGT transportation charges are not affected by changes in the AQ following the review process. It is therefore imperative that these values reflect and change in the market.

Solution

It is proposed that the current CSEP NExA Table is updated with up to date values, as agreed in Workgroup IGT030, and detailed in section 2.

Impacts & Costs

There have been no costs identified to the Large Transporters.

Implementation

- A date TBC to coincide with the implementation of the IGT equivalent Modification (IGT040)
- An implementation date of 1 October 2011 if an authority decision is received by 30 September 2011.
- If no decision has been received by 30 September 2011, an implementation date of 14 business days after an authority decision is received.

The timescales for this change are to align with the price change for IGT's scheduled for October 2011.

The Case for Change

This proposal is raised to align with the IGT Mod 040

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.

It was recognised and agreed at the iGT030 Workgroup that the new proposed CSEP NExA Table is more reflective of the current market and the existing values should be amended to reflect this.

Recommendations

[The Workgroup considers that the [self-governance] modification is sufficiently developed and should now proceed to consultation.]

0392

Workgroup Report

30 August 2011

Version 1.0

Page 3 of 13

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2 Why Change?

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.

Under Annex A, Part 1 of the NExA, iGTs are required to undertake an AQ Review for all Large and Small Supply Points, the procedure following the same process and timescales as those applied by Large Gas Transporters in accordance with the Uniform Network Code. However the movement in any AQ'S following a review do not change the IGT charging (as this is set on the basis of the CSEP NExA table).

Annually, following the completion of an AQ Review, analysis of the AQ values present within the AQ Table is performed to ensure that they remain fit for purpose and a reasonable estimate of the value of gas consumed in accordance with house type and geographical location.

Work group IGT030

A review of the present AQ values was undertaken by the Review Group (IGT030) and as a consequence of this review; a revised AQ Table has been produced. General consensus has been reached between iGTs and Shippers that Annex A, Part 8 of the NExA should be amended and that the current AQ Table should be replaced with the revised version.

A copy of the AQ Table which it is proposed should replace that presently within the NExA is provided in section 3.

In summary

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.

3 Solution

This Modification proposes to bring the UNC in line with the CSEP NExA table agreed under modification IGT040.

Replace existing CSEP NExA Table with Revised version below

Band	House Type	South		Average		North	
		SW, NT, WS, SO		WN, SE, NW, EA,		NO, SC	
		AQ (kWh)	Number	AQ (kWh)	Number	AQ (kWh)	Number
A	1 Bed	6,473	12,167	7,022	14,210	7,718	3,167
B	2BF, 2BT	7,989	54,965	8,383	82,049	8,684	32,705
C	2BD, 3BT	10,776	37,236	11,304	76,964	11,372	17,821
D	3BS, 2BB	11,748	39,182	12,221	93,752	12,596	21,069
E	3BD, 3BB	13,429	20,549	14,468	51,950	16,276	24,883
F	4D, 4BT, 4B	16,256	60,393	17,655	158,584	19,296	53,089
G	5D, 5BS, 6B	22,644	8,799	24,423	23,175	25,606	6,169

4 Relevant Objectives

Implementation is expected to better facilitate the achievement of **Relevant Objectives a, b, and d**

Proposer's view of the benefits against the Code Relevant Objectives

Description of Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	Yes
b) 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.	Yes
c) Efficient discharge of the licensee's obligations.	None identified
d) 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.	Yes
e) 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.	None identified
f) Promotion of efficiency in the implementation and administration of the Code	None identified

a) Efficient and economic operation of the pipe-line system.

Increased accuracy in 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.

b) 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.

d) 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.

0392

Workgroup Report

30 August 2011

Version 1.0

Page 6 of 13

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5 Impacts and Costs

Consideration of Wider Industry Impacts

The wider industry impacts have been discussed as part of the IGT Review group (IGT030).

The impacts identified have been discussed, and the groups agreed that the revised table is more reflective of the current AQ consumption across the market.

Costs

Indicative industry costs – User Pays	
Classification of the proposal as User Pays or not and justification for classification	
This Proposal is not User Pays	
Identification of Users, proposed split of the recovery between Gas Transporters and Users for User Pays costs and justification	
N/A	
Proposed charge(s) for application of Users Pays charges to Shippers	
N/A	
Proposed charge for inclusion in ACS – to be completed upon receipt of cost estimate from Xoserve	
N/A	

Impacts

Impact on Transporters' Systems and Process	
Transporters' System/Process	Potential impact
UK Link	<ul style="list-style-type: none"> N/A
Operational Processes	<ul style="list-style-type: none"> N/A
User Pays implications	<ul style="list-style-type: none"> This proposal is not user pays

Impact on Users	
Area of Users' business	Potential impact
Administrative and operational	<ul style="list-style-type: none"> N/A
Development, capital and operating costs	<ul style="list-style-type: none"> N/A
Contractual risks	<ul style="list-style-type: none"> N/A



Where can I find details of the UNC Standards of Service?

In the Revised FMR for Transco's Network Code Modification **0565 Transco Proposal for Revision of Network Code Standards of Service** at the following location:
www.gasgovernance.co.uk/sites/default/files/0565.zip

Impact on Users	
Legislative, regulatory and contractual obligations and relationships	<ul style="list-style-type: none">• N/A

Impact on Transporters	
Area of Transporters' business	Potential impact
System operation	<ul style="list-style-type: none">• N/A
Development, capital and operating costs	<ul style="list-style-type: none">• N/A
Recovery of costs	<ul style="list-style-type: none">• N/A
Price regulation	<ul style="list-style-type: none">• N/A
Contractual risks	<ul style="list-style-type: none">• N/A
Legislative, regulatory and contractual obligations and relationships	<ul style="list-style-type: none">• N/A
Standards of service	<ul style="list-style-type: none">• N/A

Impact on Code Administration	
Area of Code Administration	Potential impact
Modification Rules	<ul style="list-style-type: none">• N/A
UNC Committees	<ul style="list-style-type: none">• N/A
General administration	<ul style="list-style-type: none">• N/A

Impact on Code	
Code section	Potential impact
N/A	<ul style="list-style-type: none">•
	<ul style="list-style-type: none">•

Impact on UNC Related Documents and Other Referenced Documents	
Related Document	Potential impact
Network Entry Agreement (TPD I1.3)	<ul style="list-style-type: none">• N/A
Network Exit Agreement (Including Connected System Exit Points) (TPD J1.5.4)	<ul style="list-style-type: none">• CSEP NExA, Annex A Part 8• UNC TPD Section G Annex G--3
Storage Connection Agreement (TPD R1.3.1)	<ul style="list-style-type: none">• N/A

Impact on UNC Related Documents and Other Referenced Documents	
UK Link Manual (TPD U1.4)	• N/A
Network Code Operations Reporting Manual (TPD V12)	• N/A
Network Code Validation Rules (TPD V12)	•
ECQ Methodology (TPD V12)	• N/A
Measurement Error Notification Guidelines (TPD V12)	• N/A
Energy Balancing Credit Rules (TPD X2.1)	• N/A
Uniform Network Code Standards of Service (Various)	• N/A

Impact on Core Industry Documents and other documents	
Document	Potential impact
Safety Case or other document under Gas Safety (Management) Regulations	• N/A
Gas Transporter Licence	• N/A

Other Impacts	
Item impacted	Potential impact
Security of Supply	• N/A
Operation of the Total System	• N/A
Industry fragmentation	• N/A
Terminal operators, consumers, connected system operators, suppliers, producers and other non code parties	• IGT's would need to make the necessary change to IUNC to allow alignment of process (this is being addressed under Mod 040).

6 Implementation

Since IGTs calculated and developed the revised CSEP NExA table, with input from Shippers, and the intention was clear at the workgroup that the output was the development a modification to amend the current table, the proposer has assumed that IGTs will be in a position to accommodate the revised table in their charge calculations on a forward looking basis.

It is suggested that implementation dates area as follows:

- A date TBC to coincide with the implementation of the IGT equivalent Modification (IGT040)
- An implementation date of 1 October 2011 if an authority decision is received by 30 September 2011.
- If no decision has been received by 30 September 2011, an implementation date of 14 business days after an authority decision is received.

The timescales for this change are to align with the price change for IGT's scheduled for October 2011.

7 The Case for Change

In addition to that identified the above, the Proposer has identified the following:

Advantages

- Increased accuracy of AQ at the point of Connection
- Increased accuracy in determining gas offtaken
- Increased accuracy of Gas Allocation
- Increase accuracy of costs

Disadvantages

No disadvantages have been identified

8 Legal Text

The legal text is essentially the revised CSEP NeXA Table provided in Section 3 above.

9 Recommendation

The Workgroup invites the Panel to:

- AGREE that Modification 0xxx be submitted for consultation; and
- AGREE that Code Administrators should issue 0xxx Draft Modification Report for consultation with a close-out of XX XXXX 201X and submit results to the Panel to consider at its meeting on [Panel meeting date].