

## Stage 02: Workgroup Report

# 0475S:

## Update to Section G, Annex G3 (Prospective Erroneous Large AQ Calculation Proforma)

Modification 0392 was implemented in June 2012 to align with the implementation of iGT040. When Modification 0392 was raised it omitted to specify that a change to the AQ values held within Annex G-3 should be also be made in order to maintain alignment with the CSEP NExA AQ values. This modification serves to correct this situation.



The Workgroup recommends that this self-governance modification should now proceed to consultation.



High Impact: -



Medium Impact: -



Low Impact: -

At what stage is this document in the process?



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## About this document:

This report will be presented to the Panel on 17 April 2014.

The Panel will consider whether the modification should proceed to consultation or be returned to the Workgroup for further assessment.


<b>Any questions?</b>
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# 1 Summary

## Is this a Self-Governance Modification?

The Modification Panel determined that this is a self-governance modification because it is unlikely to have material effect on competition or consumers.

This Modification seeks only to change the AQ Values currently contained within UNC TPD Section G, Annex G-3 with those implemented within Modification 0392 for typical domestic consumptions by house type. When Modification 0392 was raised it omitted to include the requirement to update Annex G-3. A previous Modification which served to update the AQ Values included within the iGT CSEP NExA (Modification 0328) outlined this requirement. The UNC appeals process, as outlined within UNC TPD Section G 1.6.13(c)(i) permits a Shipper to raise an appeal to an erroneously high domestic AQ (>293,000kWh) within 23 Business Days of a successful registration. Following a successful appeal and re-confirmation of the Supply Point, the revised AQ value is applied prospectively and therefore has no impact on historic energy or cost allocations.

The use of the BTU Form and in particular the assignment of an AQ value from Annex G-3 represents an estimate only of the domestic customer's consumption. A Shipper can utilise this approach to appeal a domestic AQ in the absence of any specific information relating to the gas ratings of appliances at a customer's property. When this solution was introduced within the UNC it was deemed that in the absence of any published consumption information relating to **occupied** properties by house type and geographical area that the **new build** values held LDZ CSEP NExA should be used. Use of this solution would ensure that Shippers incurred gas and transportation charges which were more reflective of a domestic customer's usage rather than the higher charges applied via application of an erroneously high AQ.

## Why Change?

Modification 0392 was implemented in June 2012 to align with the implementation of iGT040. UNC TPD Section G, Annex G-3 (Prospective Erroneous Large AQ Performa) replicates the AQ values held within the LDZ CSEP NExA Annex A. These AQ values can be used where a Shipper identifies that a domestic customer has an erroneously high AQ >293,000kWh (10,000 Therms) on change of Supplier. When Modification 0392 was raised it omitted to specify that a change to the AQ values held within Annex G-3, showing typical domestic consumptions by house type, should be also be made in order to maintain alignment with the LDZ CSEP NExA AQ values. This modification serves to correct this situation.

## Solution

Update UNC Section G, Annex G-3 with the revised AQ values included within Mod 392 and as outlined below:

Band	House Type	South SW, NT, WS, SO		Average WN, SE, NW, EA, EM, WM, NE		North 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	2BS, 2BD, 3BT, 3BF	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	4BD, 4BT, 4BS, 4BB	16,256	60,393	17,655	158,584	19,296	53,089
G	5BD, 5BS, 6BD	22,644	8,799	24,423	23,175	25,606	6,169

For the avoidance of doubt, it is not proposed at this time that a formal review of the AQ values contained within the above table is undertaken to determine if they remain reflective of new build AQ values. A periodic review of these AQ values is undertaken

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via the iGT Shipper Group in accordance with the procedure implemented within iGT UNC Mod 051.

## Relevant Objectives

### (d) Securing of effective competition between Shippers

Updating the AQ values held within UNC TPD Section G, Annex G-3 will allow a Shipper who wishes, on completion of a successful registration, to appeal the AQ value of a domestic customer with an erroneously high AQ (i.e. >293,000kWh) to a value which is more representative with the estimated consumption of a customer who resides within a similar house type in the same geographic area. A Shipper who utilises this domestic premise appeals mechanism has the opportunity to correct the potential application of excessive gas and transportation charges which would apply if an appeal was not raised. This in turn will ensure that charges are more proportionate with those expected to be applied to domestic customers with similar AQ usage. It is therefore believed that this positively impacts this relevant objective.

### f) Promotion of efficiency in the implementation and administration of the Code.

The use of the self governance route will allow the AQ Table within Annex G-3 to be updated in a more timely manner than would be the case if this modification was to be progressed through the standard modification process.

The timely update of Annex G-3 will ensure that alignment is maintained with the AQ Values outlined within the LDZ CSEP NExA Annex A.

## Implementation

As this is a self-governance modification, implementation could be sixteen business days after a Modification Panel decision to implement.

## 2 Why Change?

Implementation of this modification will ensure the continued alignment of AQ values held within UNC TPD Section G, Annex G-3 with those held within the LDZ CSEP NExA Annex A AQ Table. The AQ values held in the LDZ CSEP NExA AQ Table are estimates of the average consumption of new build properties by house type and geographical area.

Failure to update Annex G-3 will result in Shippers, who wish to appeal an erroneously high AQ for a domestic site, assigning an AQ value which is proportionately higher than the AQ value currently used within the LDZ CSEP NExA AQ Table.

UNC TPD Section G 1.6.13 (c)(i) requires a Shipper to raise an appeal to an erroneously high domestic AQ (>293,000kWh) within 23 Business Days of a successful registration.

### 3 Solution

Update UNC Section G, Annex G-3 with the revised AQ values included within Mod 392 and as outlined below:

Band	House Type	South SW, NT, WS, SO		Average WN, SE, NW, EA, EM, WM, NE		North 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
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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	4BD, 4BT, 4BS, 4BB	16,256	60,393	17,655	158,584	19,296	53,089
G	5BD, 5BS, 6BD	22,644	8,799	24,423	23,175	25,606	6,169

For the avoidance of doubt, it is not proposed at this time that a formal review of the AQ values contained within the above table is undertaken to determine if they remain reflective of new build AQ values. A periodic review of these AQ values is undertaken via the iGT Shipper Group in accordance with the procedure implemented within iGT UNC Mod 051.

#### User Pays

Classification of the modification as User Pays, or not, and the justification for such classification.

*No User Pays service would be created or amended by implementation of this modification and it is not, therefore, classified as a User Pays Modification.*

Identification of Users of the service, the proposed split of the recovery between Gas Transporters and Users for User Pays costs and the justification for such view.

N/A

Proposed charge(s) for application of User Pays charges to Shippers.

N/A

Proposed charge for inclusion in the Agency Charging Statement (ACS) – to be completed upon receipt of a cost estimate from Xoserve.

N/A

## 4 Relevant Objectives

Impact of the modification on the <b>Relevant Objectives:</b>	
Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	None
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.	None
c) Efficient discharge of the licensee's obligations.	None
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.	Positive
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
f) Promotion of efficiency in the implementation and administration of the Code.	Positive
g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	None

### d) Securing of effective competition between Shippers

Updating the AQ values held within UNC TPD Section G, Annex G-3 will allow a Shipper who wishes, on completion of a successful registration, to appeal the AQ value of a domestic customer with an erroneously high AQ (i.e.>293,000kWh) to a value which is more representative with the estimated consumption of a customer who resides within a similar house type and geographical area. A Shipper who utilises this domestic premise appeals mechanism has the opportunity to correct the potential application of excessive gas and transportation charges which would apply if an appeal was not raised. This in turn will ensure that charges are more proportionate with those expected to be applied to domestic customers with similar AQ usage. It is therefore believed that this positively impacts this relevant objective.

### f) Promotion of efficiency in the implementation and administration of the Code.

The use of the self governance route will allow the AQ Table within Annex G-3 to be updated in a more timely manner than would be the case if this modification was to be progressed through the standard modification process.

The timely update of Annex G-3 will ensure that alignment is maintained with the AQ Values currently held within the LDZ CSEP NEXA Annex A.

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## 5 Implementation

As self-governance procedures are proposed, implementation could be sixteen business days after a Modification Panel decision to implement.

## 6 Legal Text

### Text

Update to AQ Values held within TPD Section G, Annex G-3 only.

## 7 Recommendation

The Workgroup invites the Panel to:

- AGREE that this self-governance modification should be submitted for consultation.