

iGT UNC / iGT INC Consultation Response

Date	30 August 2011
Reference	iGT040 Modification Proposal Consultation
Title	Amendment to AQ values present within the CSEP NExA table
Respondee	ScottishPower Energy Management Ltd
Position on the Modification	Support Modification

Facilitation of the relevant objectives

How this proposal will, if implemented, better facilitate the “code relevant objectives”, as defined in Standard Condition 9 of the Gas Transporters Licence. For those answered Yes to, please provide a detailed explanation below the table.

<i>Relevant Objective</i>	<i>Yes/No</i>
a. the efficient and economic operation of the pipe-line system to which this licence relates	Y
b. so far as is consistent with sub-paragraph (a), the coordinated, efficient and economic operation of the pipe-line system of one or more other relevant gas transporters	Y
c. so far as is consistent with sub-paragraphs (a) and (b), the efficient discharge of the licensee's obligations under this licence	N
d. so far as is consistent with sub-paragraphs (a) to (c) the securing of effective competition between relevant shippers and between relevant suppliers	Y
e. so far as is consistent with sub-paragraphs (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	N
f. so far as is consistent with sub-paragraphs (a) to (e), the promotion of efficiency in the implementation and administration of the network code and/or the uniform network code referred to in paragraphs 2 and 5 respectively of this condition	N

Relevant Objectives to be better facilitated:

The current AQ values within the CSEP NExA table have not been amended since 2006. Since this time typical consumption values have changed as a result of demand destruction arising from climate change, energy efficiency measures employed by end users and consumer reaction to rising energy bills. By revising these figures, as proposed by this modification, the increased accuracy within the CSEP NExA AQ table will improve the estimation of the volume of gas offtaken at the CSEP and improve subsequent allocation to Shippers. Overall this will result in more accurate costs being attributed across industry participants. These points will therefore facilitate relevant objectives (a), (b), and (d).

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Likely impact on environment?

How this proposal will, if implemented, impact on greenhouse gas emissions?

There are no environmental impacts identified by this proposal.

Implementation issues including impact on your systems

We would expect only minimal impact on our systems and any issues to be non material.

We note that the proposal is forward looking only and will only impact those sites where contracts are signed after the implementation date. This mitigates the impact of any 'Big Bang' implementation upon the iGTs.

Additional Information and Comments

The proposed version of the CSEP NExA table within the legal text is the output of the iGT030 working group which included a number of Shippers and iGTs. This was calculated using data provided by all of the iGTs (excluding Fulcrum), and reflects the most up to date and accurate view of average AQ values determined by the Transporters. This will result in more accurate and up to date values being used which will translate to more cost reflective charging for all parties.

We would highlight that the existing AQ Review process does not affect the iGT charging element, as iGT charges are set at the point where the CSEP connection is established and charges are reflective of this on an ongoing basis. As such changes to the AQ are not reflected in the iGT charging element. However changes to the AQ through the Review process will factor into the charge by the Large Transporter for the site and therefore goes some way to ensuring that charges are cost reflective.

A further output from the group was that these updated average AQ figures will now also be produced annually in January and reviewed. Parties can then decide whether or not there has been a material change that warrants updating the table again, with ultimately Ofgem agreeing such a development. This ensures that the ability to keep these figures accurate remains and without minimal re-work being required.

Completed forms should be returned to the iGT UNC Representative, Gemserv Ltd at iGT-UNC@gemserv.com or faxed to 020 7090 1001