

iGT UNC Final Modification Report

Date	30 th December 2011
Reference	iGT040V
Title	Amendment to AQ values present within the CSEP NExA Table
Proposer	ScottishPower Energy Management Ltd
iGT UNC / Pipeline Operator <i>Confirm whether the Modification Proposal is to the iGT UNC or an iGT's Individual Network Code.</i>	iGT UNC
Modification Proposal Dates	<i>Circulation: 19/08/2011 Response: 12/09/2011 Circulation of DMR: 25/10/2011 Response to DMR: 15/11/2011 DFMR published: 06/12/2011 DFMR considered at Panel: 21/12/2011 FMR sent to authority: 30/12/2011 Circulate Authority's determination: dd/mm/yyyy Suggested Implementation date: dd/mm/yyyy</i>

Background

IGT's are required to adopt the AQ values present within the CSEP Nexa Table for the purpose of calculating domestic transportation charges through the Relative Price Control Charging Methodology (RPC). The AQ values represent a reasonable estimate of the value of gas consumed in accordance with the geographic location and house type.

No amendments have been implemented to the AQ values since implementation of Modification 075 in 2006.

Changes to the AQ values are necessary to take account of revised Seasonal Normal Demand data (produced by the UNC Demand Estimation Sub-Committee) and the impacts of demand destruction resulting from climate change and energy efficiency measures taken by consumers.

This Modification seeks to introduce the most up to date AQ values into the IGT UNC, providing reassurance to all parties that ongoing pricing reflects the current average consumption levels, and is as accurate as possible.

As a result of the workgroups (igt030) the IGTs calculated a revised table based on the AQ Review outputs from 2009/2010. In reviewing the outputs the Workgroup noted that this was in line with the Demand Destruction noted by the DESC.

Annual aggregate Non-Daily Meter AQ changes were reported as:

- 4.4% (reduction) in 2009/10
- 3.4% (reduction) in 2008/09
- 4.0% (reduction) in 2007/08

For information, a UNC Modification has been raised to facilitate a change to the CSEP NExA.

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Variation Modification

The Proposer raised a minor variation to the Modification in advance of the September 2011 Modification Panel. This variation revised the Appendix CI-1 tables, the original Proposal with table can be found [here](#). The varied Modification was agreed by the September Modification Panel, which also agreed the changes could be applied to the Draft Modification Report (DMR) without the need to recommence the Modification Process.

Draft Modification Report Delayed Publication

At the September Modification Panel, Ofgem requested that further analysis be undertaken to assess the impacts of the revised CSEP AQ values. Given the unclear nature of whether the information would influence responders to the DMR consultation, the Modification Panel agreed to defer the publication of the DMR.

Following the initial analysis and discussion during and after the October Modification Panel, it was agreed the Ofgem analysis would not be material to the DMR consultation and as such, could be issued immediately.

The Proposal

The proposal seeks to replace the current table in APPENDIX CI-1 of the iGT UNC

Band	House Type	South		Average		North	
		AQ (kWh)		AQ (kWh)		AQ (kWh)	
A	1 Bed	8,815		9,585		10,127	
B	2BF, 2BT	10,639		11,270		11,659	
C	2BS, 2BD, 3BT, 3BF	13,120		13,530		14,255	
D	3BS, 2BB	14,348		14,611		15,871	
E	3BD, 3BB	16,180		17,303		19,758	
F	4BD, 4BT, 4BS	19,823		21,195		22,690	
G	5BD, 5BS, 6BD	28,077		30,035		31,176	

with the following table

Band	House Type	South SW, NT, WS, SO		Average WN, SE, NW, EA, EM, WM, NE		North NO, SC	
		AQ (kWh)		AQ (kWh)		AQ (kWh)	
A	1 Bed	6,473		7,022		7,718	
B	2BF, 2BT	7,989		8,383		8,684	
C	2BS, 2BD, 3BT, 3BF	10,776		11,304		11,372	
D	3BS, 2BB	11,748		12,221		12,596	
E	3BD, 3BB	13,429		14,468		16,276	
F	4BD, 4BT, 4BS, 4BB	16,256		17,655		19,296	
G	5BD, 5BS, 6BD	22,644		24,423		25,606	

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How will the proposal operate?

This section should explain, specifically, how the proposal will change the operation of the Network Code.

The CSEP NExA AQ Table referenced within iGT UNC Section CI, Appendix 1 will be amended to reflect the amended table referencing outputs of the AQ Review 2010.

This table will be utilised moving forward, only for new properties from the date of implementation.

Suggested timescale for implementation

Proposers View

- 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 methodology and values were compiled by the IGT'S and discussed in the review group; therefore the proposer does not see this as an unreasonable timescale.

Section of the Code Concerned

UNC APPENDIX CI-1

Responses to Modification Proposal

4 responses were received to the Modification Proposal can be viewed [here](#). 5 further responses were received to the DMR Consultation; these responses can also be found at the link above.

Respondee	Response to iGT040	Response to DMR
British Gas	Support	-
Scottish Power Energy Management Ltd	Support	Support
GTC	Do Not Support	Do Not Support
SSE	Support	-
Npower	-	Support
ESP	-	Qualified Support
E.ON Energy	-	Support
IPL/QPL	-	Support

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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.

Summary of Responses to the Modification Proposal

Relevant Objective	Relevant	Not Relevant
a. the efficient and economic operation of the pipe-line system to which this licence relates	6 parties	2 parties
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	6 parties	2 parties
c. so far as is consistent with sub-paragraphs (a) and (b), the efficient discharge of the licensee’s obligations under this licence		-
d. so far as is consistent with sub-paragraphs (a) to (c) the securing of effective competition between relevant shippers and between relevant suppliers	7 parties	1 party
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		-
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		-

Any additional comments:

[See individual responses](#)

Proposers View:

The Proposer thought the following relevant objectives would be met:

- a) 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. This in turn will result in increased accuracy of costs.
- b) 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) Increased accuracy of AQ values will result in improved allocation of energy and costs between Shippers.

Likely impact on environment?

How this proposal will, if implemented, impact on greenhouse gas emissions? If there is a likelihood, please also advise if an assessment of the quantifiable impact of the proposed modification on greenhouse gas emissions is required?

None identified.

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Implementation issues identified by the Proposer including impact on systems:

There may be system impacts on IGT in terms of applying new CSEP values to contracts. We have tried to mitigate this by proposing a forward looking contract. Also given the commitment from the IGTs at the working group, the expectation is that preparatory work will have taken place to allow immediate implementation.

It is expected there will be no/limited impact on systems for supplier/shippers.

View of affected Operator(s) on whether or not the Proposal should be implemented

- One Operator voted against the proposal citing that the proposal was not clear on when the new AQ values would be applied from, in terms of existing developer quotations /contracts where the connection has not yet been made. The Operator thought this lacuna could lead to an inconsistent approach across Operators.
- Two further Operators responded during the Consultation stages, one Operator in support and the other qualified support. Both accepted the Modification would facilitate relevant objective D, whilst one also noted it would support objectives A and B. Both parties indicated that support was subject to the revised values only applying to sites contracted going forwards from the date of implementation.
- Several Operator parties noted the need to ensure alignment with UNC0392.

Panel Decision

<i>Relevant Objective</i>	<i>Yes/No</i>
a. the efficient and economic operation of the pipe-line system to which this licence relates	Yes
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	Yes
c. so far as is consistent with sub-paragraphs (a) and (b), the efficient discharge of the licensee's obligations under this licence	-
d. so far as is consistent with sub-paragraphs (a) to (c) the securing of effective competition between relevant shippers and between relevant suppliers	Yes
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	-
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	-

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Panel Discussion

The iGT UNC Modification Panel voted on the Proposal on the 21st December 2011. The Panel voted in favour of the Modification Proposal being implemented, with one Operator Representative voting against the Proposal.

Those Operator and User representatives in favour of the implementation agreed that the Proposal facilitated the relevant objective D primarily, but could also benefit objectives A and B. Objective D would be supported by an increased accuracy of AQ values, resulting in improved allocation of energy and costs between Users.

The Operator representative against the proposal advised that an iGT constituent still held concerns with the Modification, in addition to not supporting the proposed immediate implementation and had therefore voted against the proposal on their behalf.

The Panel acknowledged that several Operator concerns had subsided following the UNC Panel unanimously supporting implementation of the equivalent UNCO392 Modification.

The Panel agreed implementation should be no earlier than four months following Authority Consent, although it was deemed that the June 2012 release would be preferred. The Operator seeking a greater lead time would be consulted with prior to an implementation date being confirmed.

Proposed Legal Text

Wherever possible, a proposal should contain proposed draft legal text to reflect how the Network Code would change if the proposal were implemented.

The new CSEP NExA Table is effectively the legal text (See 'The Proposal').

Other Information

None.