

# iGT | UNC

## iGT UNC / iGT INC Review Proposal

<b>Date</b>	20/7/07
<b>Reference</b>	iGTRP005
<b>Title</b>	Review of the procedure used to amend AQ values held within standard AQ Table.
<b>Proposer</b> <i>(Name and Company)</i>	Marie Clark ScottishPower Energy Management Ltd
<b>iGT UNC / iGT INC affected</b>	iGT UNC

ScottishPower are of the view that this Review Proposal is not related to the work that will be undertaken under Review Proposal iGTRP002. The objective of Review Proposal iGTRP002 is to understand the impacts and associated risks to the RbD settlements mechanism of existing iGT Settlement and I&C Reconciliation processes. We believe that this Review Group will focus on the contractual obligations and operational arrangements in place to facilitate the timely and accurate update of Annual Quantity values related to new connections and Supply Point movements on iGT networks. The scope of this work will include the impact of Nested CSEPs. The operations of Nests are not considered within the current CSEP NExA.

While the impact of the iGT AQ Review has been mentioned as a contributory factor to the problems faced by RbD Shippers, ScottishPower do not believe that the scope of this review will extend to examine the process for amending the AQ values contained within the standard AQ Table. The amendment of the AQ Table should take place on completion of the AQ Review Process. The values held within the table are primarily used by iGT for RPC Charging Purposes. This view is supported by the Proposer of Review Mod iGTRP002.

### Review Proposal

AQ values contained within the standard AQ Table referenced within the CSEP NExA and the iGT UNC Transition Document v4.0 are used by iGTs as a basis for Relative Price Control (RPC) Charging. The AQ values are applied to domestic new connections in accordance with the house type and geographical location. A review of the values contained within the NExA Table is made following the completion of the AQ Review Process. On agreement of iGTs and Shippers, a Modification Proposal is raised to facilitate implementation.

The procedure outlining the basis for the review of the AQ values is not presently included within any Industry governance agreement. The procedure, which was developed by members of the iGT AQ Review Sub-Group, is undertaken on the completion of the AQ Review. Ofgem has previously assisted in the collating of data received from iGTs and this is subsequently presented to the AQ Sub-Group within a report outlining the percentage change across each House Type within a geographical area. Upon agreement of the revised AQ Table by iGTs and Shippers, a Modification would be raised.

Discussions within the Ofgem CSEP NExA Workgroup have highlighted a number of potential issues surrounding the review of AQ values following completion of the AQ Review Process including:

- Communication difficulties when seeking agreement from Parties on whether the AQ Table should be amended.
- Engagement of parties impacted by proposed change
- Lack of formal business rules to support the review process

*Administered by*

- Performance of iGT AQ Review process
- Timing of review of AQ values
- Implementation of revised AQ values
- Lack of formal governance
- Absence of independent third party to collate iGT data - Ofgem informed the iGT Workgroup that are not best placed to undertake this work and that an alternative resource should be secured

The purpose of the Review is to:

- Set out within formal governance, the procedure and business rules to support the undertaking of a review of the AQ Table
- Implementation timescales
- Consideration of frequency of change

## Further Relevant Information

The values used within the AQ Table are used for iGT RPC charging purposes. It is therefore important that the Industry has confidence in the AQ values contained within the AQ Table and that they are broadly representative of the consumption of standard domestic customers. Difficulties have previously been experienced in attempting to bring about implementation of changes to the AQ table. Changes made following the AQ Review undertaken in 2005 were primarily to reflect the impact of revised weather correction data to be used within all AQ calculations. The revised weather correction data had the effect of lowering AQ values across the UK by approximately 4%. iGT Shippers and their customers have failed to receive the benefit of this reduction due to the revised AQ table not being implemented by a number of large iGTs in a timely manner. This ultimately affects Domestic Suppliers and their consumers.

Developing a process for the future review of AQ values held within the AQ Table in consultation with iGTs, Shippers and Large Transporters would ensure that future changes are implemented in line with Industry expectations.

ScottishPower would suggest that a cross Industry Review Group is established, with the expectation that the revised procedure be formerly implemented within the iGT UNC in readiness for use following the completion of the AQ Review process in 2008.

Administered by

