

TNUoS Demand Forecast Modification Proposal UoSCM-M-12

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Background

- Absence of a User demand forecast qualitative measure within CUSC has resulted in a wide range of User demand forecast accuracy
- Consequence for:
 - NGC credit risk exposure
 - Potential disparity between Users in their payment for the use of the Transmission system
- Majority of transmission revenue arising from demand charges is derived from Users exhibiting a forecast variance of less than 20%
- Users with an under forecast variance of greater than 20% are liable for approximately £15m of demand charges, currently £10m of which is incurred at reconciliation

Methodology Proposal UoSCM-M-12

- Consequential to CUSC Amendment Proposal CAP055
- CUSC continues to require a User to submit a demand forecast, but also contains a qualitative trigger (20% variance to NGC's forecast)
- NGC's Statement of the Use of System Charging Methodology contains the detailed methodology for determination by NGC of each User's demand forecast
- NGC advises a User if their forecast breaches the CUSC trigger
- Dialogue ensues between the User and NGC:
 - User may submit evidence in support of their forecast
 - NGC will evaluate and respond
 - NGC's demand forecast is applied or withdrawn and User informed

Forecast Methodology

- Transparent methodology with worked examples contained within the Charging Methodology Statement
- NGC's forecast will use the latest available actual settlement data
- Simple uplift based on latest data comparison to the previous year and proportionate to the full previous financial year
- Four forecast methodologies:
 - Half Hourly metered Triad demand
 - Non Half Hourly metered energy consumption
 - Two refinements of the above to cover new Users within year

Consultation Timescale

- Aligned with CAP055 timescales
- Issued: 28th November 2003
- Representations close: 4th January 2004
- Final Proposal issued: 16th January 2004
- 28 day veto expires: 13th February 2004
- Proposed Implementation: 16th February 2004
- Request User forecasts: w/c 16th February 2004