**A paper for DISG 23, 26th October 2004**

**CV Methodologies**

## Background

The DISG 20 meeting on the 20th September 2004 considered an NGT presentation that addressed the issue of NTS and DN scope for mitigating the losses that might be associated with unbilled energy associated with the current CV determination processes.

During the presentation NGT indicated that the regulations permitted the use of three different approaches to the determination of calculated CVs for transportation billing purposes, namely those based upon :

- Declared CVs
- Lowest Source CVs
- Flow Weighted Average (subject to a cap no greater than the lowest source CV + 1 $MJ/m^3$).

At the meeting NGT was asked whether individual transporters could elect which of the above methods it would use for CV determination.

This note provides some background information to that issue and NGT's interpretation.

## The Relevant Regulations

The basis for the calculation of energy conveyed to a "take-off" point (ie a supply point or GT interface is defined in the Gas (Calculation of Thermal Energy) Regulations 1996 (as amended).

This defines the basis for transporter determination of charging areas in which a common CV will be applied.

The Regulations define the 3 bases that can be used in respect of CV determination to apply in charging zones namely:

- Declared 2(3) and Part III
- Lowest source 2(3) and Part II 4
- FWA 2(3) and Part II 4A.

Additionally the Regulations provide for billing at Direct Connects based on actual CV where the requisite calorimetry exists.

The default approach that will apply is the Lowest Source CV unless the transporter elects for either the Declared CV or Flowed Weighted Average approach.

Should a transporter elect to use an approach other than the Lowest Source CV, or subsequently to want to change the basis of the approach, then it would need to make application to Ofgem to effect such change.

NGT therefore concludes that transporters are able to elect which of the three options it can use for CV determination purposes within each charging zone.

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