

Glossary

1 in 20 peak day demand	The volume of demand from firm customers in a period of 24 hours which would not be expected to be exceeded in more than 1 year in 20.
1988 MMC report	<i>Gas: a report on the matter of the existence or possible existence of a monopoly situation in relation to the supply in Great Britain of gas through pipes to persons other than tariff customers</i> , HMSO, Cm 500, October 1988.
1993 MMC report	<i>Gas: Volume 1 of reports under the Fair Trading Act 1973 on the supply within Great Britain of gas through pipes to tariff and non tariff customers, and the supply within Great Britain of the conveyance and storage of gas by public gas suppliers</i> , HMSO, Cm 2314, August 1993. At the same time the MMC also reported on references made under the Gas Act published as <i>Volume 1 British Gas plc-Gas Act 1986</i> , HMSO, Cm 2315, August 1993. Two further volumes providing the supporting factual analysis and account of views submitted to the MMC were published as <i>Volume 2 Gas and Fair Trading Acts</i> , HMSO, Cm 2316, September 1993 and <i>Volume 3 Gas and Fair Trading Acts</i> , HMSO, Cm 2317, September 1993.
1995 Scottish Hydro-Electric report	<i>Scottish Hydro-Electric plc: a report on a reference under section 12 of the Electricity Act 1989</i> , HMSO, June 1995.
1995 water reports	<i>South West Water Services Ltd: a report on the determination of adjustment factors and infrastructure charges for South West Water Ltd</i> , June 1995; and <i>Portsmouth West Water plc: a report on the determination of adjustment factors and infrastructure charges for Portsmouth Water plc</i> , HMSO, June 1995.
1996 BAA report	<i>BAA plc: a report on the economic regulation of the London airports companies (Heathrow Airport Ltd, Gatwick Airport Ltd and Stansted Airport Ltd</i> , CAA, June 1996.
1996 Transco plan	Projections submitted by BG to the Director General during her price control review, initially in August 1995 and subsequently in revised form in January 1996.
1997 Transco plan	Projections submitted by BG to the MMC in November 1996.
bcm	Billion cubic metres.
Beach swing	Variation in gas supplied at the beach.
BG	British Gas plc or BG plc as appropriate. In February 1997 British Gas plc demerged its gas sales and retail business together with the gas production business of the North and South Morcambe gas fields into Centrica plc, a new independent company. At the same time, the name of British Gas plc was changed to BG plc, which is concerned with transportation and storage, E&P , international downstream, research and technology and properties businesses.
BGICL	British Gas Insurance Company Limited.
Calorific value	A measure of the energy content of gas.
CAPM	Capital asset pricing model, used to determine equity prices and the rates

	of return required by investors.
CCA	Current cost accounting.
CCGT power station	Combined cycle gas turbine power station.
Centrica	Centrica plc. On 17 February 1997 Centrica plc was set up for the purpose of the demerger of British Gas plc. It comprises the gas sales, gas trading, services and retail businesses of the former British Gas plc, together with the gas production business of the North and South Morecambe gas fields (formerly part of the E&P business).
Churn rate	The rate at which gas consumers change supplier, particularly associated with the introduction of domestic competition.
CO	Carbon monoxide.
CORGI	Council for Registered Gas Installers.
CRINE initiative	Cost reduction in the new era initiative, a programme aimed at improving the efficiency of investment by offshore producers.
Data-logger	Equipment connected to a meter which automatically records consumption and can transmit readings to a central point if appropriate telecommunications equipment is provided.
DEF	District efficiency factor, a basket of unit costs used by BG to measure efficiency at a district level.
Director General	The Director General of Gas Supply.
Director General's May 1996 proposals	<i>1997 Price Control Review British Gas' Transportation and Storage: the Director General's initial proposals, OFGAS, May 1996.</i>
Director General's August 1996 proposals	<i>1997 Price Control Review British Gas' Transportation and Storage: the Director General's final proposals, OFGAS, August 1996.</i>
Director General's March 1997 proposals	Information submitted by the Director General to the MMC in March 1997.
DGFT	Director General of Fair Trading.
DGM	Dividend growth model, used to determine equity prices and the rates of return required by investors.
DTI	Department of Trade and Industry.
E&P	Exploration and production. The upstream exploration and production of gas.
ETM	Electronic token meter.
EVR	Early voluntary retirement.
Fair Trading Act	The Fair Trading Act 1973.
Gas Act	The Gas Act 1986.
GCC	Gas Consumers Council.

Gas flow day	A period of 24 hours starting at 6 am on one day and ending at 6 am on the following day.
Gas shipper	A gas shipper licensed under the Gas Act to arrange for gas to be introduced into, conveyed by or taken out of any PGT 's pipeline system also referred to as a shipper . A gas shipper may not hold a PGT licence.
Gas supplier	A gas supplier licensed under the Gas Act to supply gas through pipes to specified premises also referred to as a supplier . A gas supplier may not hold a PGT licence.
GTI	Gas transportation invoicing.
GWh	Gigawatt hour. One gigawatt hour equals 1,000 MWh .
HCA	Historic cost accounting.
HSE	Health and Safety Executive.
IGE	Institution of Gas Engineers.
Interconnector	The pipeline running from Bacton to Zeebrugge in Belgium connecting the British network to continental Europe. It is due to open in October 1998 and will have an export capacity of 20 bcms .
IS	Information systems.
kWh	Kilowatt hour.
LDZ	Local distribution zone. BG 's pipeline system includes 13 LDZs containing the LTS and distribution system.
The Licence	BG 's PGT licence which authorizes BG to convey gas through pipes to any premises in Great Britain, except those areas for which another PGT is granted a licence, and to any pipeline system operated by a PGT . It continues in force until 22 August 2011 and thereafter until terminated on ten-years notice by the Secretary of State .
Line-pack storage	A method of diurnal storage achieved by varying the pressure of pipelines.
LNG	Liquefied natural gas.
LTS	Local transmission system. A network of pipelines generally operating at pressures of up to 38 bar. It supplies the distribution system and some large consumers.
MAR	Market to asset ratio. Many privatizations took place at market prices which differed significantly from the book value of the assets owned by the relevant company. A frequently used measure of the extent of the difference is the market to asset ratio, which is calculated by dividing the enterprise value (the value of both equity and debt) by the book value of the related net opening assets.
MEAV	Modern equivalent asset value.
MWh	Megawatt hour. One megawatt hour equals 1,000 kWh .
National Grid	National Grid Company.

NBV	Net book value.
NERA NES	National Economic Research Associates. <i>New Earnings Survey.</i>
Network Code	The legal framework governing the use of a gas transportation system between the operator of the system and shippers of gas using that system.
Notional revenues provision	A provision under Special Condition 9C , whereby BG's allowed revenues may be adjusted downward if other persons provide similar services.
NO_x	Oxides of nitrogen.
NPV	Net present value.
NTS	National transmission system. A network of steel pipelines operating at high pressure (up to 75 bar), designed to transmit large volumes of gas. It supplies the LDZs and some very large consumers.
OCM	Operating capability maintenance, an approach to current cost accounting.
OFGAS	Office of Gas Supply.
ONS	Office of National Statistics.
P₀	The starting value for the price control formula covering the projection period.
PGT	Public gas transporter. PGTs are licensed under the Gas Act to convey gas through pipes to premises in a specified area , or to a pipeline system operated by another PGT.
Projection period	The period from 1 April 1997 to 31 March 2002 (also referred to the period under review).
Special Condition 9C	The condition of the Licence restricting prices for transportation and storage services. In her reference to the MMC, the Director General proposed a number of amendments to Special Condition 9C (referred to as the proposed Special Condition 9C).
Proposed Special Condition 9D	A new licence condition proposed by the Director General regarding the monitoring of capital expenditure.
Proposed Special Condition 9E	A new licence condition proposed by the Director General to restrict the prices of storage services.
R&T	Research and technology.
RPI	Retail price index.
RTS	Regional transmission system. Designed to transport gas from the NTS to the local distribution networks.
Secretary of State	Secretary of State for Trade and Industry.

Shipper	See Gas shipper .
Shippers' Group	A group of shippers which are members of the Gas Forum, and which made a joint submission to the MMC.
SIN	Scottish independent networks. BG is obliged to transport LNG by road to storage and vaporization plants at five Scottish towns (Thurso, Wick, Campbeltown, Oban and Stranraer) which are not connected to its main pipeline system.
SNT	Standard normal temperatures.
Supplier	See Gas supplier .
Transco	BG 's transportation and storage business.
TSE	Transco service engineer.
TWh	Terawatt hour. One TWh hour equals 1,000 GWh hours.
UK continental shelf	The area of the seabed around the UK extending either to approximately the median line between the UK and neighbouring coastal states, or to the continental slope, being the area in which the UK has sole rights of exploration and exploitation under international law.
UK-Link	A single integrated set of computer systems operated by Transco and used by all the parties involved in shipping gas from entry to supply meter point through its transportation system.
WACC	Weighted Average Cost of Capital.
X	The factor in Special Condition 9C which is applied to the RPI for the purpose of regulating transportation and storage charges.