



Guide for Businesses: Gas Terminology

Provided **free of charge** by

Business Cost Consultants

AMR

Automated Meter Reading - automatic collection of data from meters which is transferred to a central database for billing and/or analysis.

AQ

Annual quantity. The sum of the annual consumption of all meters on a site. Measured in [kWh](#) or [Therms](#).

Calorific Value

This relates to the British Thermal Unit Correction Factor, which transfers the volume of gas to a measure of heat. This figure changes on a monthly basis, according to the ambient pressure and temperature of the gas within the system and is the multiplier by which cubic feet as a volume is converted into a measure of heat.

Climate Change Levy

A customs and excise levy charged to most commercial users of gas since 2001. The levy is applied at a fixed rate per [kilowatt hour](#).

CHP

Combined Heat & Power. A device used for the simultaneous generation of electrical power and heat for a building or several buildings.

Correction Factor

Used by suppliers to calculate gas bills. The correction factor and the calorific value are the two variables used in the process of converting gas volume (as measured by the meter in cubic feet or cubic metres) into a measure of energy in kilowatt hours (kWh). Charges are based on kilowatt hours.

Cubic Feet

Unit of measure for volume of gas recorded by imperial meters.

Cubic Metres

Unit of measure for volume of gas recorded by metric meters. One cubic metre = 35.31 cubic feet.

Domestic Site

A site with an annual gas consumption of less than 73,200 [kilowatt hours](#) or 2,500 [therms](#).

Demand-side Response

When large gas users turn down their gas usage in response to prices. See also [interruptible supply](#).

De Minimis

If the amount of gas supplied to a commercial site is less than 145 kWh per day over a billing period then de minimis applies and VAT is charged at the reduced rate (currently 5%).

Firm Supply

A firm supply of gas is one that is guaranteed for a fixed period and will not be subject to an [interruption](#) or closure.

Industrial & Commercial (I&C) site

A site with an annual gas consumption of more than 73,200 kilowatt hours or 2,500 therms.

Interruptible Supply

An interruptible supply is one whereby an agreement has been reached with the user that the service may be interrupted throughout the year, for a pre-determined number of occasions and durations. This form of contract is cheaper and enables the supplier to be more flexible.

Kilowatt Hours

A measure of heat energy from gas. Gas suppliers now bill gas in kilowatt hours (kWh), as opposed to therms, so that a comparison can be drawn between gas services and electricity services. To calculate equivalent value in [therms](#), divide by 29.3071.

MPR

Meter Point Reference. Each gas supply point is allocated a unique meter point reference or MPR number and these are held on a national database.

Network Code

A document that lays out the rights and responsibilities of all those using a Public Gas Transporter ([PGT](#)) network. The Network Code is normally used to refer specifically to the PGT network.

Nominated Consumption

The expected consumption of gas over a twelve month period used in a supply agreement.

NTS (National Transmission System)

The pipeline network and supporting facilities that are used to transport gas around the UK.

Objection

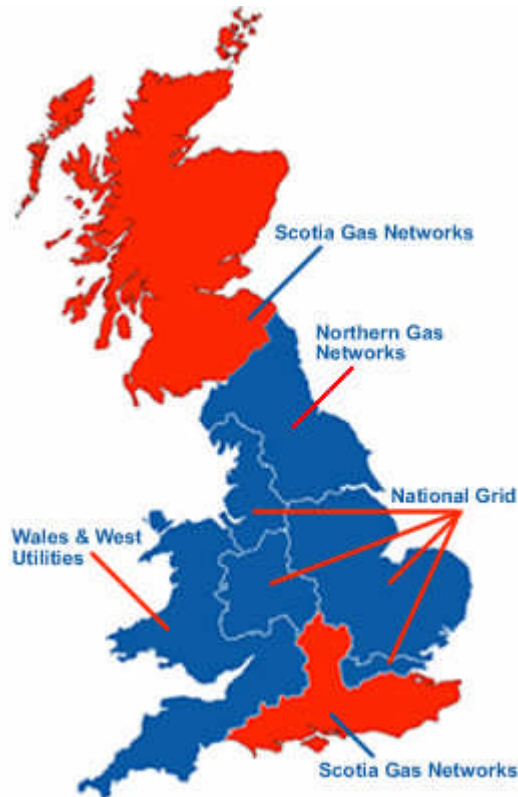
A notice issued to a shipper who received an involuntary withdrawal indicating that they wish to retain responsibility for the supply point.

Offtake Gas consumed by a site or customer.

Ofgem The Office of Gas and Electricity Markets. The industry regulator.

PGT - Public Gas Transporter

A pipeline network operator, the largest of which used to be Transco, but is now National Grid.



Until recently National Grid Transco (now National Grid) owned and operated almost all of the UK's pipelines, now there are four players in the industry.

1. National Grid Gas plc
2. Northern Gas Networks Limited
3. Wales and West Utilities Limited
4. Scotia Gas Networks

According to OFGEM, this will 'allow gas customers, for the first time, to benefit from efficiency gains of the kind that successive price controls have secured for electricity distribution customers.'

Source: www.scotiagasnetworks.co.uk

Smart meters

Any meter which allows for the identification of consumption in more detail than a conventional meter. Smart meters will generally also include a means of communicating information to a central data collection site for energy management and/or billing purposes.

Supply Point

A group of one or more meters for which the [PGT](#) shall make natural gas available for offset by the Shipper.

Therms

A therm is an imperial measure of heat energy equivalent to 29.3071 [kilowatt hours](#). Therms have been largely replaced by kilowatt hours as the standard unit of measure on gas bills and supply agreements.

Transportation Agreement

The agreement between an independent supplier of gas and the relevant PGT, for the movement of gas within the gas network.

Please contact us if we can be of any further assistance to you at www.businesscostconsultants.co.uk or info@businesscostconsultants.co.uk



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