

**Draft High Level Business Rules as discussed at the meeting on
29/01/2010**

Note: these Draft Business Rules are for review at the next meeting of the Topic Workgroup, and have not yet been accepted.

The following neutral terminology is used in these business rules, particularly where the clarity about a term will be delivered by a later Topic within Project Nexus:

- Site – using a neutral term and not specifying Meter Point/Supply Point/other
- DM – a Transporter-managed daily metered and balanced sites, including Unique sites
 - Assumption that this service is still required for large consumers or interruptibles
- Smart/remote – non-DM sites with timely remote access to meter reads which are used for balancing
- Consumption – could be reads/volume/energy – decision not required at this stage

Principles	Comments
<p><i>Daily Energy Allocation (after the Day)</i></p> <p>1. Daily reads or consumption will be used in the daily energy allocation process for each directly connected site.</p>	<p>May need to review once SMIP defines CCP rules for providing reads, e.g. costs may not justify applying this principle</p>
<p>2. Settlement for all sites will be based on their actual daily consumption.</p>	<p>The impacts on the Gemini system have not yet been assessed. The Project Nexus solution may aggregate data for submission to Gemini</p>
<p>3. Total energy metered into an LDZ on a day is not likely ever to agree exactly to the sum of the individual site level metered consumptions.</p> <p>The difference between the two could be positive or negative and will be apportioned to all sites in the LDZ, including DM, as a “balancing correction” calculated as a percentage of the day’s consumption.</p> <p><u>Worked example</u> Total of individual site level consumptions: 1,000,000 kWh Actual total LDZ consumption: 1,010,000 kWh</p> <p>Each site receives a balancing correction of 1% of its metered consumption for the day. Site level allocation is 101% of its metered consumption. Total allocation is now 1,010,000 kWh.</p>	<p>Balancing correction could be positive or negative on a day. All sites receive the same % correction.</p> <p>Each LDZ is balanced separately so some LDZs may see a positive correction on a day, whilst others are negative.</p>

Principles	Comments
<p><i>Missing read days</i></p> <p>4. For days where no read/consumption is available from a site, use an estimating routine to determine an initial view of site demand for the day. See 5 below.</p> <p>The balancing correction is applied to this estimate in the same way as for actual reads.</p>	<p>D-7 estimates are not appropriate for weather sensitive sites, particularly Domestic and smaller I&C sites, since consumption is heavily influenced by temperature and wind speed, which can vary significantly across 7 days. D-1 estimates would not be appropriate due to the significant variation between usage levels across days of the week.</p>
<p><i>Estimating Routine for Allocation</i></p> <p>5. An enhanced estimating route is required to apply at site level to take account of:</p> <ul style="list-style-type: none"> - average consumption under seasonal normal weather conditions - sensitivity to deviations from seasonal normal weather - actual weather on the day compared to seasonal normal 	<p>The details of this estimating technique have not yet been defined. Full details are not required at this stage: a list of the components and their derivation is required to inform the design stage; and actual values are needed for the testing phase.</p>
<p><i>Transitional Arrangements for Allocation</i></p> <p>6. During the roll-out of smart/advanced meters a transitional arrangement is required in order to treat remotely read sites and dumb-metered sites equitably. The enhanced estimating routine described in 5 above will be used to give a more robust site-level estimate which is not reliant on the scaling factor.</p> <p>During the transition phase the total of all remote consumptions and the total of all estimates will be combined to give the total site-level LDZ consumption. The balancing correction will be applied equally to remote and dumb-metered sites.</p> <p>There may be enhanced separate profiles for Domestic and I&C sites or for dumb and remotely read meters.</p>	

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<p><i>Daily Energy Nomination (before the Day)</i></p> <p>7. Shippers will submit their own daily energy nominations for both NDM and DM sites. Nominations for smaller classes of sites, e.g. Domestic, will be in aggregate, by Exit Zone.</p> <p>8. There will be an optional service to allow the Transporter to calculate a daily nomination for those Shippers who do not wish to calculate a forecast.</p> <p>9. For nominations a “balancing correction” will be calculated and applied in the same way as for allocations after the day. The Transporter will estimate total LDZ consumption for the day and the balancing correction will be the difference between that total and the sum of all the nominations. Shippers will have visibility of their nominations before and after the application of the balancing correction. Shippers will make a commercial decision to purchase the quantity before or after the application of the balancing correction, or a different quantity of gas.</p>	<p>The Transporter does not require daily visibility of forecast consumption at small sites.</p> <p>Appropriate incentives will need to be developed/applied</p> <p>The balancing correction must be applied, otherwise total nominations are unlikely to match actual allocations.</p>
<p><i>Treatment of CSEP sites</i></p> <p>10. CSEP sites will be treated in the same way as directly connected, with daily use of actual consumption and application of a balancing correction. Data will not be at a lower level of detail than for directly connected and may be at a higher level, i.e. aggregated.</p>	
<p>This high level principle topic workgroup has not discussed presentation of any charges derived from Allocations, therefore all invoicing arrangements are at present unchanged, until discussed in later workgroups.</p>	