

UNC Modification 0634:

Mod Title: Revised estimation process for DM sites with
D-7 zero consumption



Proposer First Utility (Carl Whitehouse)

Panel Date: 12 October 2017

Why change?



At present when a DM daily metered site does not have a Valid Meter Reading for any particular settlement day, then the consumption from D-7 is used as a proxy to determine the consumption.

The use of the consumption from D-7 is intended to minimise the level of error between the actual consumption and the estimated read.

However, an unintended consequence is that if the D-7 consumption is zero then this zero is used and could be propagated week after week incorrectly into settlement.

This can result in a substantial increase in UIG for that area, until a correct read is submitted. This can take a considerable period of time.

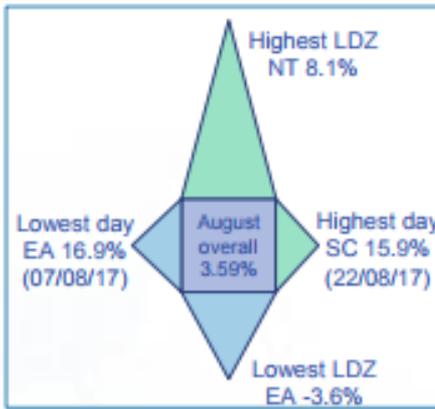
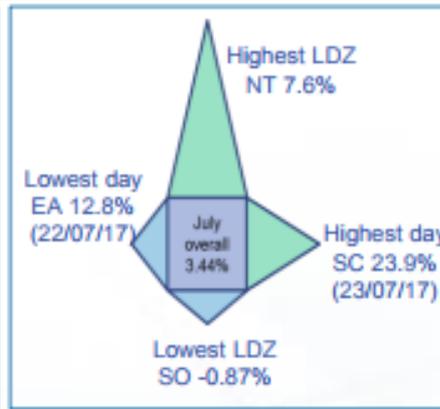
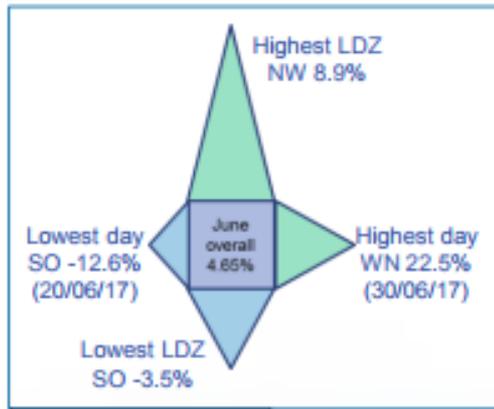
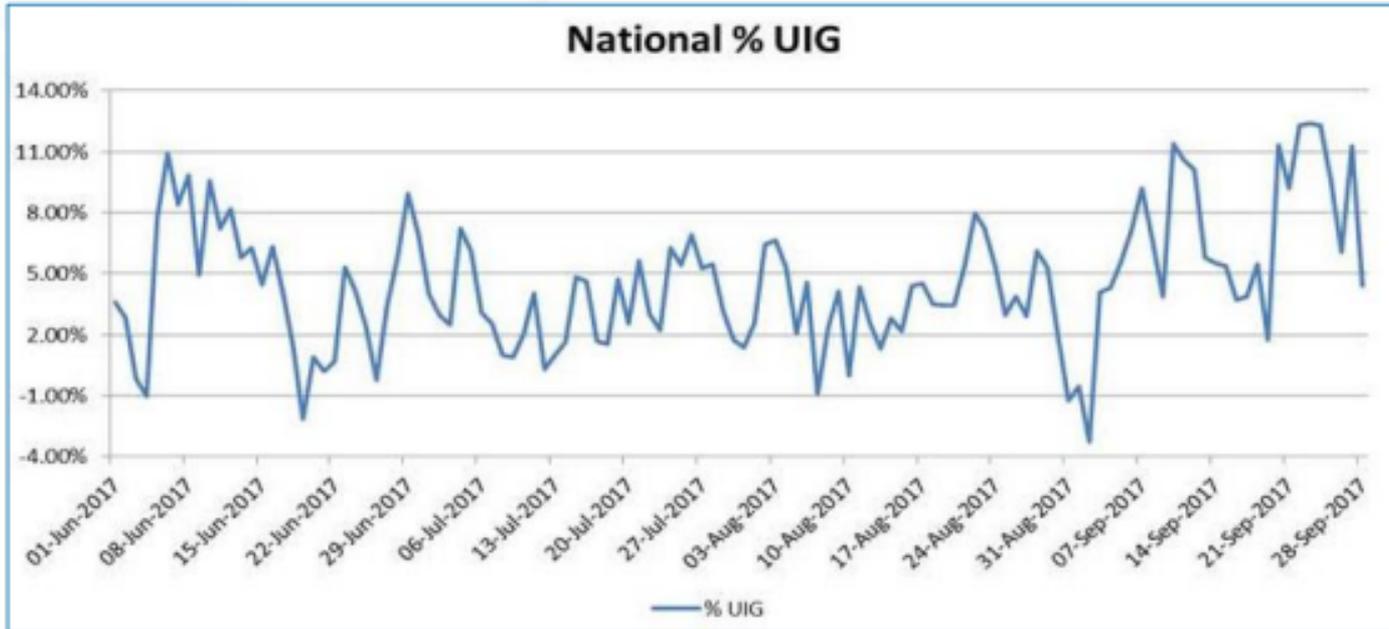
Options



Ideally the solution should be that daily metered sites are settled on actual reads, but some form of appropriate back-up is needed to ensure that the difference between the estimate and actual consumptions are minimised to reduce the impact on UIG.

The current levels of UIG are substantial as shown in the next slide and only by changing the UNC process for determining D-7 estimates can the issue identified be resolved.

UIG levels



Urgency



The current levels of UIG are around £20-40m. In many cases the costs from undertaking the balancing activity to cover the high and unpredictable levels of UIG cannot be passed through as contract prices are set.

In addition many smaller shippers will be required to purchase UIG in full as they cannot afford the collateral payments to go into imbalance.

Implementation (and hence urgency) as soon as possible is therefore appropriate to minimise the damage that the current process results in.

Solution



It is proposed that:

- Where a daily metered site does not provide an Actual Meter Reading and where the D-7 reading is zero, the estimated consumption will use an $AQ/365$ value.
- When this estimation process occurs, the shipper will be notified, shippers will then have the ability to override this value (and so default the site back to zero) by informing Xoserve in writing within 5 calendar days.

Recommended Steps



The Proposer recommends the following timetable:

- Panel Recommendation on Urgency 13 October 2017
- Ofgem Decision on Urgency 16 October 2017
- Consultation Commences 17 October 2017
- Consultation Close-out for representations 23 October 2017
- Final Modification Report available for Panel 24 October 2017
- Modification Panel decision 25 October 2017
- Ofgem Decision 01 November 2017