

Project Nexus UNC Reconciliation Principles Workgroup

**Check against Consultation Responses &
Identified Issues with Current Arrangements**

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Consultation Responses (taken from IRR)

Ref.	Requirement	Rational	Source	Covered in Principles?	Represented at Workgroup?
4. Increased Reads for Energy Allocation, Balancing and Transportation Charging					
4.5	All energy consumption data should be used to ensure that costs are targeted at those that incur them on the system.	This is consistent with the GTs Licence Condition and will ensure that market sectors and individuals within these sectors are not being cross subsidised. A primary focus of Project Nexus should be to ensure that energy is allocated as accurately as possible to limit the impacts of RbD on shippers and reduce their exposure to system balancing at SAP. In addition this will benefit both xoserve and the GTs by reducing the number and size of RbD invoices that they have to issue.	EDF Energy	Yes	Yes
4.6	Daily energy allocations for a large part, if not all, of the metering points.	It would be cost effective to plan for the system to be scalable to this level from the outset to ensure that long term costs are minimised to the industry. This would be in the interests of the wider gas industry and to gas consumers who ultimately would pay the costs of introducing a system that was not appropriately scalable.	E.ON UK	Yes	Yes

Consultation Responses (taken from IRR)

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5. Reconciliation					
5.1	Increase scope of individual meter point reconciliation	Project Nexus offers a unique opportunity for the industry to consider how it could move from an RbD world to either true individual meter point reconciliation or an Electricity style Super Customer process. It is recognised that we may have to have two systems running simultaneously during a hand over period.	npower	Yes	Yes
		With the roll out of Smart Metering technologies and AMR there is likely to be an increase in the volume of energy consumption data, and it would be beneficial to use this to reconcile individual sites.	EDF Energy	Yes	Yes
		Upon confirmation of "Commercial" SSPs, they should be opted out of the Reconciliation by Difference mechanism and subject to individual meter point reconciliation.	GDF Suez	Yes	No
		With the introduction of Renewable Heat Incentives and a high cost of gas compared to historical values there will be a driver for Gas Shippers to ensure that gas allocation processes are as accurate as possible for each customer. This will lead to the requirement for the system to be able to process and manage far more individual meter point reconciliations than occurs today.	E.ON UK	Yes	Yes
		The industry should consider the abolition of the RbD regime and consider line by line reconciliation for the entire SSP population. This would ensure that customers in the SSP category can be offered the same opportunities to benefit from reductions in usage as those in the LSP category.	Corona Energy	Yes	Yes
		There are a number of benefits that could be gained by this model including improvements within the accuracy of settlement data and the ability to more easily understand and identify RbD error.	Scottish Power	Yes	Yes

Reconciliation Issues Raised at Workgroup

- Reconciliation by Difference (RbD)
 - RbD assumes all Shippers are acting the same & have the same priorities - *Addressed*
 - RbD is a risk to Shippers in terms of the un-known: energy & exposure to SAP prices - *Addressed*
 - SSPs are reconciled using AQ not actual read data - *Addressed*
 - The 5% difference identified with RbD has an impact because it is 5% on 20 million Meter Points - *Addressed*
 - Reconciliation is based on the AQ for 12 months however in reality the consumption would generally be lower in summer months - *Addressed*
 - Only difference with Dumb & Smart meters is the frequency of reads – *Addressed – via Transition*
 - SSPs are penalised with smearing of un-allocated energy – *Addressed by Allocation*
 - Shrinkage adjustments only applied to SSP market - *Addressed*
 - Cross subsidy between market sectors - *Addressed*

Reconciliation Issues Raised at Workgroup

- NDM Reconciliation
 - Quality of asset data can result in large reconciliations – *To be considered in later Topics, e.g. Reads/Volumes*
 - Profile issues - *Addressed*
 - USRVs are not an incentive to resolve filter failures – *To be considered in later Topics, e.g. Reads/Volumes*
 - MRF may act as a restriction to the number of reads that can be submitted & used for Reconciliation - *Addressed*
- DM Reconciliation
 - Not a commercial arrangement so any asset faults may take longer to be remedied resulting in daily estimates & potential large Reconciliations – *To be considered in later Topics, e.g. AMR detail*