

xserve



respect > commitment > teamwork

# PN UNC Workgroup (AQ topic)

Meeting 2, 5<sup>th</sup> July 2011

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# Objectives of the Workgroups

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- Determine detailed business requirements for future determination of the Meter Point AQ
- Consider/review comments made during the Project Nexus consultation and the high level principles agreed at the Principle Workgroup.
- Review existing Modifications relevant to the topic area
- Workgroup deliverables;
  - Process maps
  - Business Requirements Document. Document to provide sufficient definition around business rules to:
    - Enable the proposed requirements to be incorporated in xoserve's investment decisions, and
    - Support the raising of any UNC Modification Proposals
- Monitor & align with latest SMIP position
- Focus will be on requirements for Project Nexus delivery



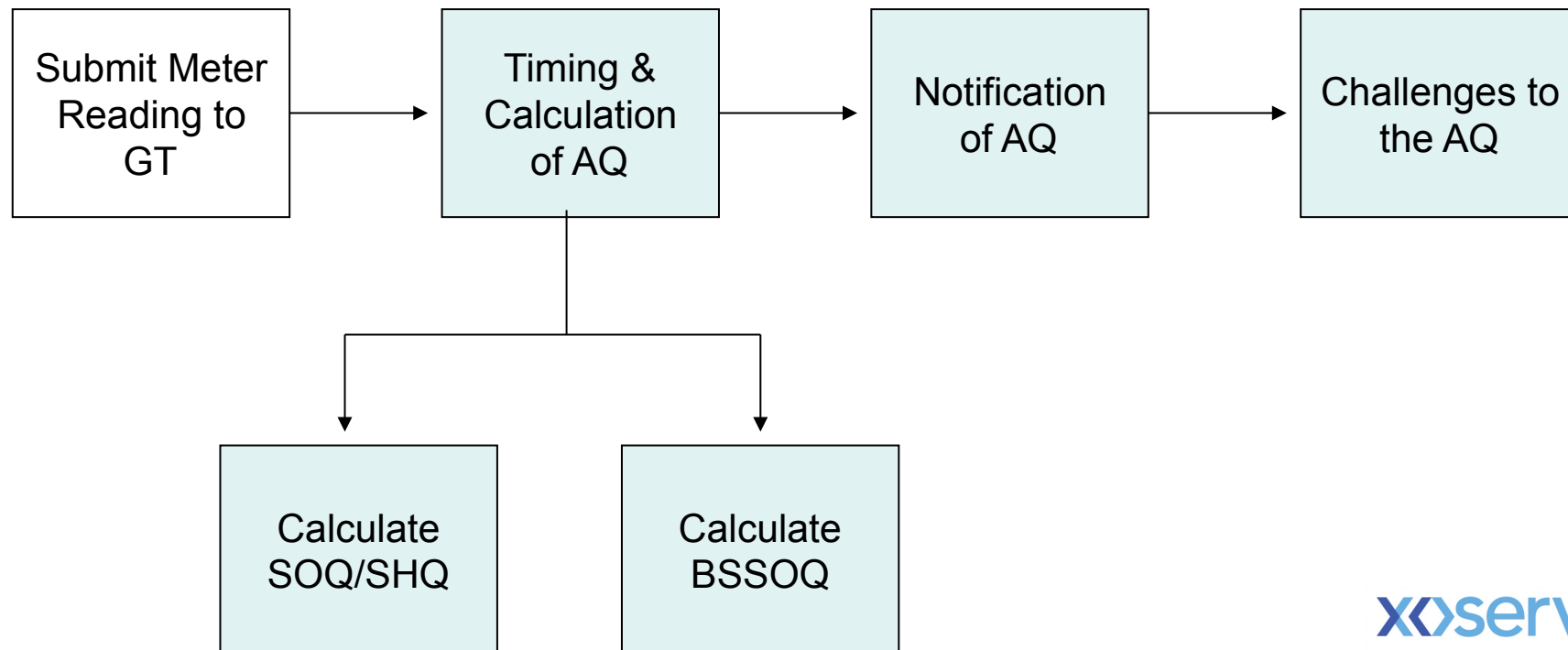
# Approach & Workplan

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- Review;
  - High level AQ principles
  - Mod 0209; Rolling AQ
  - Mod 0380; Periodic AQ Calculation
  - Mod 0379; Provision of an AQ review audit
  - Mod 0378; Greater transparency over AQ Appeal performance
  - Mod 0292; Change AQ Amendment Tolerance for SSP
- Agree scope
- Consider requirements from Settlement Workgroup & impacts on the AQ
- Agree future requirements
- Develop process maps and detailed business rules

# Scope of AQ Determination

- Determination of the AQ, SOQ, SHQ & BSSOQ for all directly connected sites.



# Issues raised during Principle Workgroup

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- Issues identified during the AQ Principle Workgroup during March – April 2010
- Agreed issues;
  - Changes in consumption are not immediately reflected in the AQ
  - Current AQ is based on historic consumption data, does not accurately reflect current consumption
  - Unable to appeal SSP AQ' s
  - Manually labour intensive during the summer
  - Approx. 3.5 months to validate AQ' s on portfolio
  - Impacts on other processes during the processing & updating the annual AQ review
  - Current process does not provide an incentive to submit reads more frequently

# Issues Raised at the 1<sup>st</sup> AQ Meeting that need to be resolved

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- Maintaining a static SOQ
- Transition
- Will the current UNC read submission limits apply
- Inaccurate asset data for legacy sites (& smart sites)
- Is a rolling monthly AQ required with meter point Rec?
- Nomination of the SOQ & SHQ
- Validation of the AQ before submission to Shipper
- Process for significant change in loads (BTU process)

# Options for a Rolling AQ

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- Frequency of the calculation & submission of the AQ.
- Options;
  - Daily process that calculates the AQ when the read is loaded
  - Monthly process using daily reads (& daily CV)
  - Monthly process using the last read loaded before 'AQ Close Out'
  - Quarterly process using latest read loaded
  - Annual AQ using daily reads
  - Any others?

# Summary of the 4 Processes being developed in the Settlement Workgroup

Process Description	Day Ahead Gas Nomination	Process for initial Allocation	Process for Energy Balancing close-out	Read Submission Timescales	Type of Read Submission
1 – Daily Metered Time Critical Readings	Shipper nominates (singly or in aggregations)	Uses daily read	Uses daily read	By 10am on GFD+1	All reads – daily on GFD+1
2 - Daily Metered not Time Critical Readings	Shipper nominates (in aggregations)	Transporter estimate	Uses daily read	By end of GFD+1 (05.59 am)	All reads – daily by end of GFD +1
3 – Batched Daily Readings	Shipper nominates (in aggregations)	Transporter estimate	Transporter estimate	Daily Reads in batches	All daily reads in batches
4 – Periodic Readings	Shipper nominates (in aggregations)	Transporter estimate	Transporter estimate	Periodic	Periodic reads



# Suggestions from the last meeting

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- Monthly AQ calculation for all 4 processes
  - For Processes 1 & 2 the AQ is not used for allocation purposes so why update monthly
- Calculate AQ using daily reads for all processes
  - Daily reads are not received for Process 4 sites. Could use the daily allocation but this may not be accurate until reconciled

# Strawman for a Rolling AQ process in the new Regime - Assumptions

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- Assumptions:
  - Remotely read meters will provide a more frequent robust read
  - Proposed read validations will ensure any significantly erroneous reads are rejected and so not used for AQ calculations
  - Where possible (timing issue) only the latest/replaced read should be used for AQ calculations
  - SOQs revised annually to reflect User commitment
  - Same rules will apply for dumb metered sites
  - Ratchet regime & BSSOQ remains as an incentive where Shippers nominate the site SOQ
  - No retrospective adjustments due to incorrect AQ; reconciliation process will adjust energy
  - Transitional issues not considered for the ‘strawman’

# Strawman for Processes 1 sites: Daily Metered Time Critical

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- Option 1
  - Calculate AQ annually using existing DM AQ review principles
    - AQ calculation uses the reads loaded for last 365 days
    - Uses the latest actual or estimated read (reads may be replaced after D+5)
    - AQ & BSSOQ calculated & submitted to the Registered User in June
    - AQ goes live 1<sup>st</sup> October
- Option 2
  - Monthly process
    - Use the latest read loaded (& closed out) before the 10<sup>th</sup> business day to calculate the AQ
    - Previous 365 days of reads used
    - AQ effective on the 1<sup>st</sup> of the following month
- Shipper will continue to nominate site SOQ & SHQ
  - Ratchet regime will continue as an incentive

# Strawman for Processes 2 sites: Daily Metered not Time Critical

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- Option 1
  - Calculate AQ annually using existing DM AQ review principles
    - AQ calculation uses the reads loaded for last 365 days
    - Uses the latest actual or estimated read (reads may be replaced after D+5)
    - AQ & BSSOQ calculated & submitted to the Registered User in June
    - AQ goes live 1<sup>st</sup> October
- Option 2
  - Monthly process
    - Use the latest read loaded (& closed out) before the 10<sup>th</sup> business day to calculate the AQ
    - Previous 365 days of reads used
    - AQ effective on the 1<sup>st</sup> of the following month
- SOQ & SHQ options;
  - derived by the GT annually
  - Nominated by the Shipper annually; BSSOQ & ratchet regime applied

# Strawman for Processes 3 sites: Batched daily Readings

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- Monthly AQ review
- Use latest read loaded on the 10<sup>th</sup> business day and an optimum read [12 months] previously to calculate the AQ
- Actual & estimated reads used
- AQ effective on the 1<sup>st</sup> of the following month
- WAALPs (Weather Adjusted Annual Load Profiles) need to be applied to ensure accurate allocations
- SOQ derived by GT annually

# Strawman for Processes 4 sites: Periodic Readings

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- Monthly AQ review
- Use latest read loaded on the 10<sup>th</sup> business day
- Read period is maximum of [12 months] previously to obtain an optimum read
- Only actual reads used
- AQ effective on the 1<sup>st</sup> of the following month
- WAALPs (Weather Adjusted Annual Load Profiles) need to be applied to ensure accurate allocations
- SOQ derived by GT annually

# AQ Validations

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- Validation carried out on the revised AQ before submission to the Shipper.
- Validation on the AQ using a tolerance
- Tolerance based on the read period from the previous read used to calculate AQ, for example
  - Reject if  $<$  or  $>$  than 20% for a monthly read period
  - Reject if  $<$  or  $>$  than 50% for a 6 month read period
  - Reject if  $<$  or  $>$  than 70% for 12 month read period

# Appeals process

- Issue raised whereby a ‘significant’ change in AQ is not revised as the read will fail as its based on an incorrect/old AQ
- Couple of options to resolve this
  - Option 1
    - Flag on the read communication to accept read after 1st rejection
    - Read will be used to calculate the AQ
    - Revised AQ may fail the AQ validation & notification issued
    - Shipper confirms the AQ is correct & will then become effective the following month
    - Issue: Could be a couple of months before revised AQ is effective.
  - Option 2
    - Appeal process which would apply to all sites where the AQ has changed significantly
    - Shipper submits revised AQ and read, reason & evidence
    - Where valid, AQ is amended from the 1<sup>st</sup> of the following month
    - Reads submitted after AQ is effective should then pass validation
    - Issue: Could take longer for revised AQ to be effective & read to load