

AQ Review 2017

Background

During discussions at Distribution workgroup on the 27th October 2016 Users raised concerns about there being no full AQ review in 2017 prior to Project Nexus implementation Date (PNID). As a result Xoserve took an action to explore some of the suggested options for the AQ review in 2017 and informed Users this information would be available by Thursday 3rd November.

Option 1: Leave as is

Current design is for the AQ activities, within UNC timeframes, to be performed up until PNID as per the table below:

Date	Activity	2017
January	Trial AQ Review	✓
January	Issue Trial AQ Review files to Industry**	✓
March / April	SSP AQ Calculation	✓
April (UNC)	Issue date for Shipper AQ Amendment daily allowance^^	✓
30th April	First Release of SSP T04 Files**	✓
May	First release: iGT (Weather Correction and CV data)	✓
31st May (UNC)	Second Release of SSP T04 Files & Threshold Crossers	✗

** These AQs will not be applied into UK Link

^^ The amendment window is not planned to be opened due to PNID

The trial calculation reporting suite will be issued in January. These trial calculations are never applied; however they allow Users to try to rectify unusual AQ values by submitting reads or updating asset information. Once Nexus is implemented the AQ values from the AQ 2016 review will be retained

Outcome:

The AQ applied after Go-Live, calculated in 2016 went through the robust AQ process and carries minimal risk to the industry. Should PNID be delayed further, as AQ activities commenced in line with UNC dates, a full AQ review in 2017 would be feasible.

Option 2: Full AQ Review

This option proposes to complete a full AQ review by bringing the dates of the review forward. To do this the AQ review would need to commence 4 months earlier than in previous years. In this scenario a full AQ review would need to commence on 21st November to fulfil the timelines and obligations set out in UNC. No trial calculation would be issued as there is not enough time to allow for this. A modification will need to be raised to implement this option.

Concerns:

- This timeframe is not realistic - A modification would not progress to Modification Panel until 17th November, the first Distribution Workgroup to discuss would be the 24th November thus missing the start date
- This would require an internal impact assessment to understand any system changes of amending all the dates and parameters that are potentially systematised. Following any required changes there would need to be end to end testing delaying the start of the review
- Teams allow 4 months and additional resource to undertake this review. This has not been planned into the current resource and change congestion therefore creating a resourcing risk

Outcome:

There is no development or lead time if this needs to commence within November and therefore this is not a feasible option.

Option 3: Truncated AQ Review

This option proposes to truncate the AQ review into a smaller timeframe. This would require 4 months to be removed from the normal annual process. To complete this Xoserve would not complete any manual validations or amendments and therefore whatever the system calculates, based on the reads provided, is applied. Additionally we would need to abandon the AQ Amendment window which currently runs over the summer (1st June to 13th August). A modification will need to be raised to implement this option.

Concerns:

- 8.5 million amendments were submitted within the 2015-2016 review therefore any incorrect AQ amendments could not be amended and would be applied.
- The manual review of AQ amendments is designed to reduce the risk within the industry. Xoserve complete 70,000 manual validations, on threshold crossers, LSP sites and AQ values of 1, these would not be completed therefore exposing the industry to risk of substantial increased AQ values.
- In previous AQ Reviews energy values have been reduced by up to 28 Twh as a result of the Xoserve manual intervention and the amendment window. Without the removal of these erroneous AQs, the quality of the overall AQ value may be negatively impacted meaning that the AQ calculated in October 2016 is far more robust.

Outcome:

This option does not protect the industry from unrealistic AQs, carries substantial risk and therefore does not seem favourable.

Option 4: Increase the Exception Process

This option proposes to amend the rules set out in modification 450B and increase the amount of AQ Appeals allowed each month. This is currently set at 20,000 a month for SSP to SSP sites, there is no limit on LSP sites, whether it be LSP to LSP, SSP to LSP or LSP to SSP. This will allow Users to

amend any AQ values they feel are incorrect. A modification will need to be raised to implement this option.

Concerns:

- The 20,000 appeals a month was set as a threshold due to the impact on UK Link legacy system. An initial impact assessment has confirmed that this could be increased to 40,000. However within the industry we would need to agree how to stagger these to ensure no risk to legacy performance. This would be developed within the modification.
- The appeals window is due to close on PNID minus 2 months, therefore the increase will be only be applicable for a few months once the modification is approved
- Even if the threshold for appeals was increased the numbers allowed would be far less than the number of AQ Amendments submitted in the recent past.

Outcome:

This option does not complete a full AQ review however allows Users to amend up to 40,000 AQ values they feel are incorrect.

Other discussion points from Distribution Workgroup:

Below is a list of bullet points of others suggestions Xoserve was asked to consider in terms of mitigating any risks that not having an AQ review in 2017 creates.

1. *To apply read tolerances to reads submitted prior to PNID*
 - There will be no system changes to legacy systems prior to PNID therefore this is not considered a feasible option
 - The current responsibility for the validation of the submitted meter readings lies with the Shipper.
2. *Amend the AQ correction process to include a reason related to tolerance after PNID*
 - This would require a change to SAP, the scope of SAP is currently closed and no new requirements can be delivered before go live therefore this is not considered a feasible option
 - However, Users could apply these tolerances internally upon validating a read prior to submission pre-Nexus
3. *A proposal to raise a Modification to relax the 25 day read submission window*
 - If reads are submitted and validated prior to PNID this may not need to be raised.
4. *Amend the backstop date (currently set at 9 months)*
 - The backstop date is set as per the requirements of the modification, therefore a modification is required to amend the back stop date
 - Increasing the amount of reads being used within the AQ calculation does not ensure more accurate calculation or mitigation from risk

Xoserve Recommendation:

- The AQ review 2016 was a robust AQ process which included all the milestones set out within the annual review. The AQs underwent an amendment process and manual validations. Option 2 and 3 within this paper do not contain the same rigorous processes and therefore open the industry up to risk.
- In light of resource and concentration being prioritised for Nexus, along with the issues raised above, Xoserve feels Option 1 is the most favourable. This will retain the AQ values from 2016 into Nexus.