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AQ Backstop Date

19th August 2014

Background

- At the Project Nexus Workgroup on 11th August proposals were presented on applying an AQ Backstop Date for Supply Meter Points on migration to the new system
- A Backstop date is being proposed to ensure that;
 - *Where an AQ is calculated that is not reflective of the sites consumption the calculation reads are not used in the Rolling AQ process*
 - *Mitigate the risk of using reads which have not been validated via the new read validations tolerances*
- A number of clarifications were sought regarding the existing process and the proposals
 - *Attendees requested Xoserve provide further information*
- The following slides provide details of the current process and clarity on the options being proposed

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Reasons for the application of a Backstop date

- A successful Shipper Amendment via the .AAI file
 - *Following the Xoserve 'proposed AQ' calculation*
 - *As part of the annual review process (1st June to 13th August)*
- A successful Shipper Appeal via the .API file
 - *Available via the annual window (14th Sept to 31st July)*
- As a result of an Xoserve amendment
 - *Manual validations ~ LSP / Threshold Crossers*
 - *When the previous AQ carried forward*
 - *An alternative derived via Spec Calc*
 - *As part of the annual review process (April to June)*

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Purpose of the Backstop date

- To ensure erroneous consumption not used within AQ calculations
- Limits exposing the Industry to unknown risks

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'Long-stop date

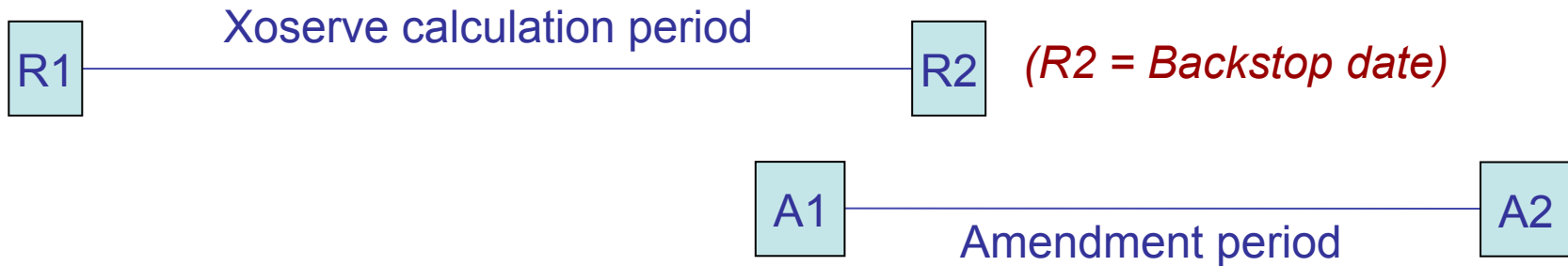
- As referenced in UNC a 'Long-stop' date also exists
 - *Only where the previous 'amendment' activities have not occurred*
- Currently this date is 30th September 2006
 - *Not applicable if the MPRN was created post this date*
 - *'Long-stop date' will be revised in 2015 (next scheduled Seasonal Normal weather review)*
- Aligned to the Seasonal Normal weather review

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Application of the Backstop date



- Backstop date only applies following an Xoserve calculation
- The Backstop date is the end read date used (see R2)
- Amendment reads are not loaded into the system

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When a Backstop date is not applied

- Where the proposed AQ value is not subsequently challenged
- Meter Points where the proposed AQ are not challenged will have a 'Long-stop' date or historical Backstop date

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Outcome of Xoserve validations - 2013

Threshold Crossers (SSP–LSP): **267,608** MPR's

Calculated Energy Change: Increase of circa 250TWh
(*pre Xoserve validations*)

Proposed Energy Change: Increase of 0.5TWh
(*post Xoserve validations*)

Xoserve validations reduced calculated energy by circa 250TWh

Revised Backstop date applied for 254,310 MPR's

- *C/fwd AQ = 118,654*
- *Spec Calc AQ = 135,656*

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Outcome of Xoserve validations - 2013

Total LSP calculations:	242,898 MPR's
Calculated Energy Change:	Increase of circa 210 TWh <i>(pre Xoserve validations)</i>
Proposed Energy Change:	Decrease of 5 TWh <i>(post Xoserve validations)</i>

Xoserve validations reduced calculated energy by circa 215TWh

Revised Backstop date applied for 6,021 MPR's

- *C/fwd* AQ = 2,094
- *Spec Calc* AQ = 3,927

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Outcome of Shipper Amendments - 2013

- Total Shipper AQ *Amendments (Accepted)* **8,126,153**
 - Includes duplicate submissions
- Volume where new Backstop date applied: **6,402,840**
- Volume where new Backstop date not applied: **1,723,313**
 - *AQ carried forward from previous year*

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- The Backstop date will help to protect the Industry in the transitional period until the Meter Reading validations will then protect the consumption profile
- The avoidance of erroneous consumption for AQ and reconciliation
- The new Meter Reading validations will reduce the volume of reads which are inconsistent with consumption profile

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**OPTIONS PROPOSED AT THE
11TH AUGUST
PROJECT NEXUS
WORKGROUP**

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Applying an AQ Backstop Date for AQ Amendments & Appeals

- Where a successful AQ Amendment or AQ Appeal is made against an Xoserve calculation of the AQ a Backstop Date to be applied
 - *So reads considered by the Shipper to be not reflective of the sites consumption are not used in future AQ Calculations*
- This Backstop Date will be used for the Rolling AQ process at Go Live
- This is no difference to the process that would currently happen where an AQ is challenged
 - *Protects the Shipper from an AQ being calculated that is not reflective of the sites consumption*

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Applying an AQ Backstop Date to AQs that have been Carried Forward

- Where an AQ has been carried forward or an alternative AQ applied using the Spec Calc in AQ2015 due to;
 - a. Insufficient reads to calculate an AQ or*
 - b. Reads utilised have calculated an AQ that appears not to be reflective of the sites consumption*
- Propose to create an AQ Backstop Date for system migration to ensure rolling AQ process does not create an AQ that is not reflective of the sites consumption
 - *Although the read submitted post Go Live will be validated the AQ process uses consumption from previous reads to calculate the AQ*
- Propose an AQ Backstop Date of the 1st April 2015

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Proposed Options for Supply Meter Points where an AQ was Calculated

- For all Supply Meter Points where an AQ was calculated, not challenged and will go live on 1st October 2015, propose 2 options;
- Option 1
 - *Apply a Backstop Date of 1st April 2014 to reduce the risk of non validated reads being used in rolling AQ process*
- Option 2
 - *Do nothing, but understand the risk*
- Note
 - *Currently if a read can't be identified at 42/50 weeks the system will first look for a read up to 36 months then back to 6 months*
 - *New rules will look for an earlier read back to 9 months before looking for an older read up to a max of 36 months*

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- Gain agreement on the recommendation for Project Nexus Workgroup
- Recommendation to be taken to September workgroup
- Outcome will be documented in the Project Nexus Transition Document

