

DRAFT Market Differentiation Work Group Scope Document.

Background

Under the auspices of the PNUNC Workstream, the workgroup was established to explore principles for project Nexus regarding Market Differentiation. (MD) The group debated the issues and various options. This document sets out the results and principals established by the Workgroup. These principles can be used to inform debate within subsequent Project Nexus Project Workgroups.

Principles

The group recommended the establishment of a robust Market Sector Flag based on site usage as defined in the Utilities Act. The flag is currently populated by two variables; I (Industrial & Commercial) and D (Domestic). The flag is not related to AQ. The MSF may be extended to include additional variables for example, to include small I&C sites. (SMEs) The nature of these variables will require further discussion within the MD Workgroup. The group agreed that the use of a robust MSF be offered to other Workgroups as a possible differentiator. It will be up to each UNC Topic Workgroup to decide whether the MSF is appropriate in their sphere of concern. The Workgroups should assume a robust and verifiable MSF.

If the Workgroups choose to use the flag, this will be fed back to the MD Workgroup, who will then further develop the flag. This would mean reconvening the MD Workgroup when all other workgroups are concluded.

Issues

The flag is not currently in a robust state. Of the 21.5 million supply points in the UK gas industry, just over 7 million don't carry any information at all in the MSF field.

In 2001 it became mandatory to populate the field upon supply point confirmation.

Additionally there are concerns surrounding the population of the field. There is a view that the data that is populated may not be accurate.

For these reasons a programme of data clean up will be required in order to ensure a robust population.

Unlike the classification of Large Supply Point (LSP) and Small Supply Point (SSP) the MSF is difficult to validate. Therefore it is conceivable that there may be an advantage to have a site in one sector rather than another. Therefore rigorous validation rules for the MSF need to be established. All of this would need to be captured under a rigorous governance regime under the auspices of UNC.

These issues would need to be addressed by the MD Workgroup.