

Dear Colleagues

We have recently identified an issue with the Weather data being supplied by a third party to the UK Link system for **NE LDZ**. For NE LDZ, weather data should come from Nottingham Watnall Weather station for use in daily Composite Weather Variable (CWV) calculation, which uses temperature and wind speed measurements. Since **29 November 2012**, the data received actually related to Linton-on-Ouse weather station. Linton-on-Ouse is located in NE LDZ but it is not DESC's agreed weather station for that LDZ.

Xoserve has developed a recommended approach for addressing the issue. We will consult the Technical Workgroup of the Demand Estimation Sub-Committee on January 15th, to gain their views on our proposed resolution, and to identify any impacts that we may not have captured.

Impacts

Actual weather data is not used in daily NDM Gas Allocations, so there is no direct impact on NDM Allocations. The current Weather Correction Factor compares Actual and Seasonal Normal NDM Demand, and does not refer to any weather measurements.

However, the CWV is used in the Weather Adjusted Annual Load Profiles (WAALPs), which are used in the calculation of NDM AQs. Our analysis suggests that the slight differences in observed weather between the two stations has caused very minor differences in CWVs and therefore in WAALPs. There will be very minor impacts on NDM AQs in NE LDZ only, whenever the Relevant Metered Quantity (RMQ) used in AQ calculation spans the period since 29/11/12, whether in part or completely. Our analysis identifies that the impacts of the differences are very small and vary depending on portfolio make-up.

Although AQs are used in NDM Allocation, for Larger Supply Points (LSPs) the Allocation will ultimately be superseded by Meter Point Reconciliation. In the Smaller Supply Point (SSP) market the very slight AQ differences in NE LDZ only, ranging from a reduction of 0.1% to an increase of 0.4%, will introduce very minor allocation differences between Shippers in NE LDZ, depending on portfolio make-up.

Recommended Resolution

Xoserve's proposed approach to the correction of this issue is:

- switch back to Watnall data for NE LDZ on a future date to be notified in advance, preferably during January 2014
- ensure that NE CWVs and WAALPs going forward reflect the corrected cumulative position
- publish the revised NE CWVs on the secure area of Xoserve's website
- seek guidance from the industry on whether the values published on the National Grid website should be updated (the systems feasibility of this is currently being analysed)
- amend historic NE WAALPs in the UKLink system to ensure that future AQ calculations are correct
- leave AQs and historic allocations unchanged as they have already been used in billing and settlement, and will be subject to the annual review process during 2014

We have already assured ourselves that NE is the only LDZ affected and understand from the Network Operator's service provider that this is an isolated incident, caused by a system error. In future we will check periodically with all weather data providers that the correct stations remain in use.

We would welcome feedback from you and/or relevant colleagues on our proposed approach and on any impacts that we may not have captured.

Please direct your feedback, comments and questions to our team email account:

Regards

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