Nexus
AQ Backstop Dates

September 2014

British Gas

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Nexus AQ Backstop Dates Background

- This presentation is intended to supplement Xoserve's action from the UKLIEF meeting on 19th August. "190814.13 - Xoserve Action to further clarify and develop existing proposals; and add additional proposals, and take paper to PNUNC in September."

- Accurate AQs are important to:
  - Ensure accurate energy allocation
  - Minimise reconciliation volumes
  - Facilitate demand forecasting for shippers and transporters
  - Allow shippers to accurately price

- It was suggested at PNUNC on 11th August and again at UKLIEF on 19th August that AQ accuracy could be improved by application of additional backstop dates to prevent AQs being calculated using older reads which have not passed through the Nexus validation process.

- In order to take advantage of the benefits associated with the rolling AQ process, a balance must be struck which will make available sufficient read history for AQs to be recalculated as frequently as possible, and to make sure the read history used is as accurate as possible.

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Options for application of backstop dates 1

- **Option 1.**

- If a new AQ was calculated in the 2015 AQ Review, apply a backstop date of 1st April 2014.

- If Xoserve have carried forward or applied a different AQ manually, apply a backstop date of 1st April 2015.

- If a shipper has Amended an AQ in the 2015 AQ Review, apply the relevant backstop date as per current rules.

  - For 6.4m MPRNs where Amendments were submitted, read availability for the October 2015 AQ calculation would be exactly the same as under the current AQ Review process.

  - For 260k MPRNs where Xoserve have carried forward or applied an AQ, a maximum of 6 months of read history would be available to the October 2015 AQ calculation.

  - The remaining 15m MPRNs would have a maximum of 18 months read history for AQ calculation at Nexus go-live, which is a change from the current long-stop date of 1st October 2011 (new SN).

  - This will rule out 1.5m* MPRNs from AQ calculations until another one or more reads have been obtained to make a read pair 9 months apart.

  - Reads accepted by Xoserve dated between 1st April 2014 and 1st October 2015 will be available for AQ calculation and will not have been validated under the Nexus rules.

  - Reads submitted after 1st October 2015 will be validated against the AQ set in the 2015 AQ Review, minimising the risk of AQs being calculated using any incorrect reads .

* Figure derived by British Gas. All other figures taken from Xoserve AQ presentation to UKLIEF.

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Options for application of backstop dates 2

- **Option 2.** Only use the backstop dates that apply following the 2015 AQ Review, do not apply any additional backstop dates.
  - 6.7m MPRNs would have backstop dates applied in the 2015 AQ Review as per the current process.
  - The remaining 15m MPRNs would have the maximum 3 years of their read history for AQ calculation at Nexus go-live, subject to any backstop dates applied in previous AQ reviews.
  - This will rule out 750k* MPRNs from AQ calculations until another one or more reads have been obtained to make a read pair 9 months apart.
  - Reads accepted by Xoserve up to October 2015 will be available for AQ calculation and will not have been validated under the Nexus rules.
  - Reads submitted after 1st October 2015 will be validated against the AQ set in the 2015 AQ Review, minimising the risk of AQs being calculated using any incorrect reads

- **Option 3.** Apply a backstop date of 1st October 2015 to all MPRNs.
  - Read history for AQ purposes would be built up, starting from 1st October 2015.
  - Reconciliation would still use pre 1st October reads.
  - No AQ calculations would be made until at least July 2016, AQ applicable 1st August 2016, and only for a MPRNs where we have a read 9 months apart e.g. on 1st October 2015 and 1st July 2016.
  - Monthly-read sites would start to recalculate in large numbers from August 2016.
  - Quarterly-read sites would start to recalculate between August 2016 and October 2016.
  - Annually-read sites would start to recalculate from October 2016 to October 2017.
  - No new AQs would be calculated ready for the Transportation AQ applicable in April 2016.

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Options for application of backstop dates 3

- **Option 4**. Data clean read history, only migrate good reads to Nexus

  - Could be done in addition to or instead of the options above.

  - AQ calculations could be based on entire validated read history, going back 3 years+

  - Some considerations for data cleaning of reads:

  - Sufficient reading history must remain to allow reconciliation.

  - Would backstop dates introduced in the 2015 AQ review be applied?

  - A starting point would be required, after which reads would be validated – e.g. the start read of the AQ calculation from the 2015 AQ Review.

  - We know from the discussions on the Nexus meter read tolerances that there are occasions where a good read will incorrectly be deemed in-valid. Most meter readings are "good", mis-reads are a small minority, so any data cleaning must not remove good reads.

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