

Nexus delay – issue related to AQ review absence 2017



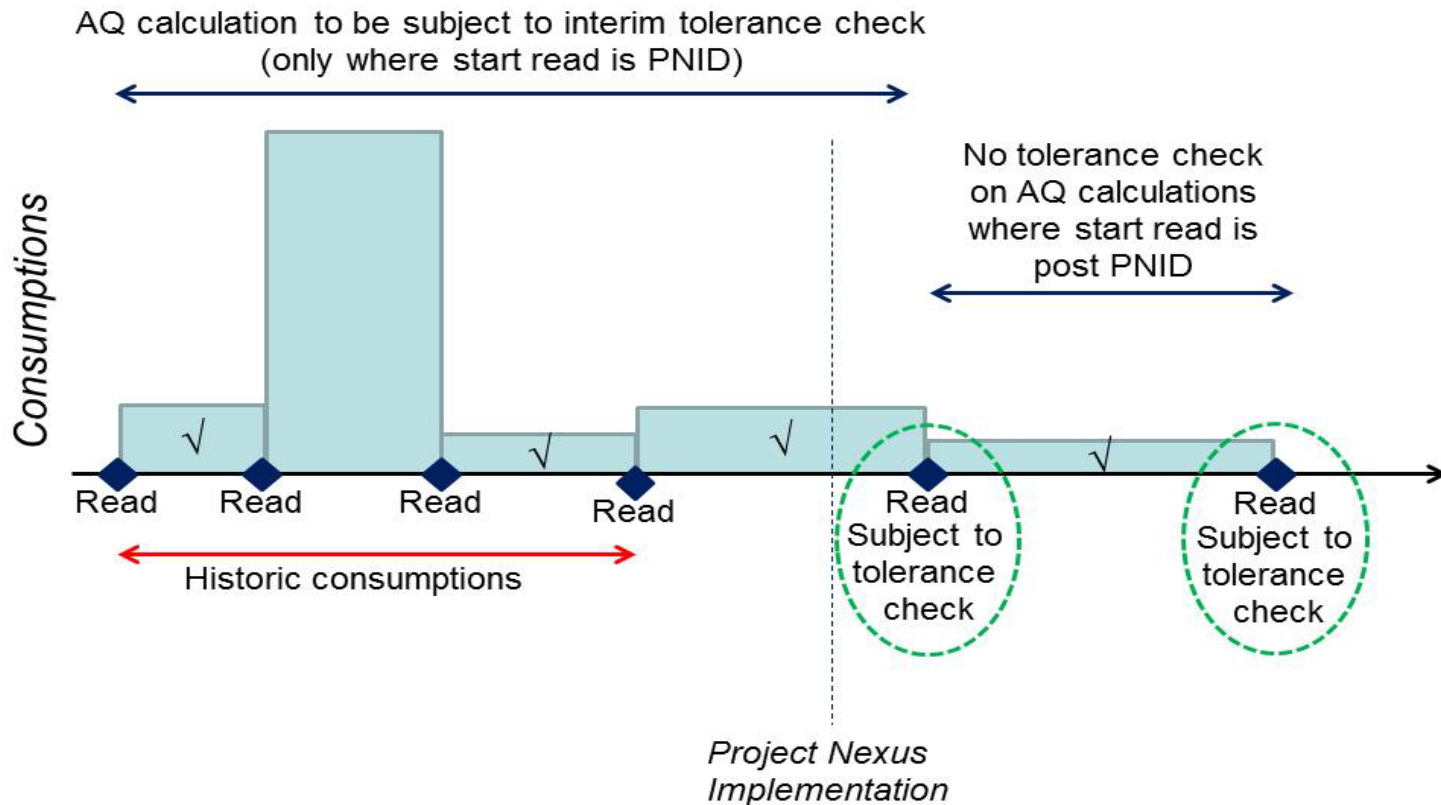
For discussion at Distribution Workgroup

20th October 2016



Nexus AQ transitional rules

- Rules developed through MOD 528 provide a degree of protection in the scenario below
- It was developed with a view to an October delivery, following an AQ review
- In this scenario, an AQ review provides an additional buffer against higher AQ calculations that could leak through the 400-500% tolerance bandings
- With a June 2017 delivery, and no AQ review, does this issue need to re-considered?



Source: UNC Nexus Transitional AQ Validation Rules

Agreed tolerances

4.1 SSP to LSP Tolerance Levels

Lower AQ Band (kWh)	Upper AQ Band (kWh)	AQ tolerance - % Increase in Calculated AQ	Maximum Allowable New AQ (kWh)
1	1	7,000,000%	70,001
2	200	25,000%	50,200
201	500	10,000%	50,500
501	1,000	5,000%	51,000
1,001	3,000	2,000%	63,000
3,001	5,000	1,000%	55,000
5,001	10,000	500%	60,000
10,001	20,000	400%	100,000
20,001	73,200	300%	312,400

4.2 LSP to LSP Tolerance Levels

Lower AQ Band (kWh)	Upper AQ Band (kWh)	AQ tolerance - % Increase in Calculated AQ	Maximum Allowable New AQ (kWh)
73,201	732,000	550%	4,758,000
732,001	2,196,000	500%	13,176,000
2,196,001	29,300,000	450%	161,150,000
29,300,001	58,600,000	400%	293,000,000
58,600,001	And above	350%	4.5 x previous AQ

Source: UNC Nexus Transitional AQ Validation Rules

- 2014 Cross Code Gas Data Quality report highlighted meter exchange data flows as an ongoing issue
- Meter exchanges have and are currently increasing in the industry as smart meter exchanges ramp up

3

In the absence of AQ review, do the existing rules and tolerances still mitigate industry settlement risk adequately?

Summary of questions and options



Issue/question	For consideration
Absence of AQ review 2017	Does this increase the already mitigated risk?
Tolerances	If so, do the current AQ tolerances offer enough protection
Additional mitigation options (if required)	For consideration
AQ review 2017?	Pressure on Nexus delivery
Partial AQ review 2017 (trial calc)?	As above, but less onerous?
Additional AQ correction option?	Enduring or transitional
Relaxation of existing AQ correction options?	May not require system change?