



Project Nexus

AQ Tolerance Check

8th June 2015

- Possible interim AQ tolerance levels discussed at Project Nexus UNC Workgroup on 12 May 2015
- Members asked Xoserve to use a different approach to possible tolerance
- Agreed that a smaller working group would be better to deal with this complex topic
- Additional analysis undertaken and slides updated
- Teleconference held on 5th June to review & agree PN UNC proposed tolerances
- 10 Shipper organisations were present on the teleconference

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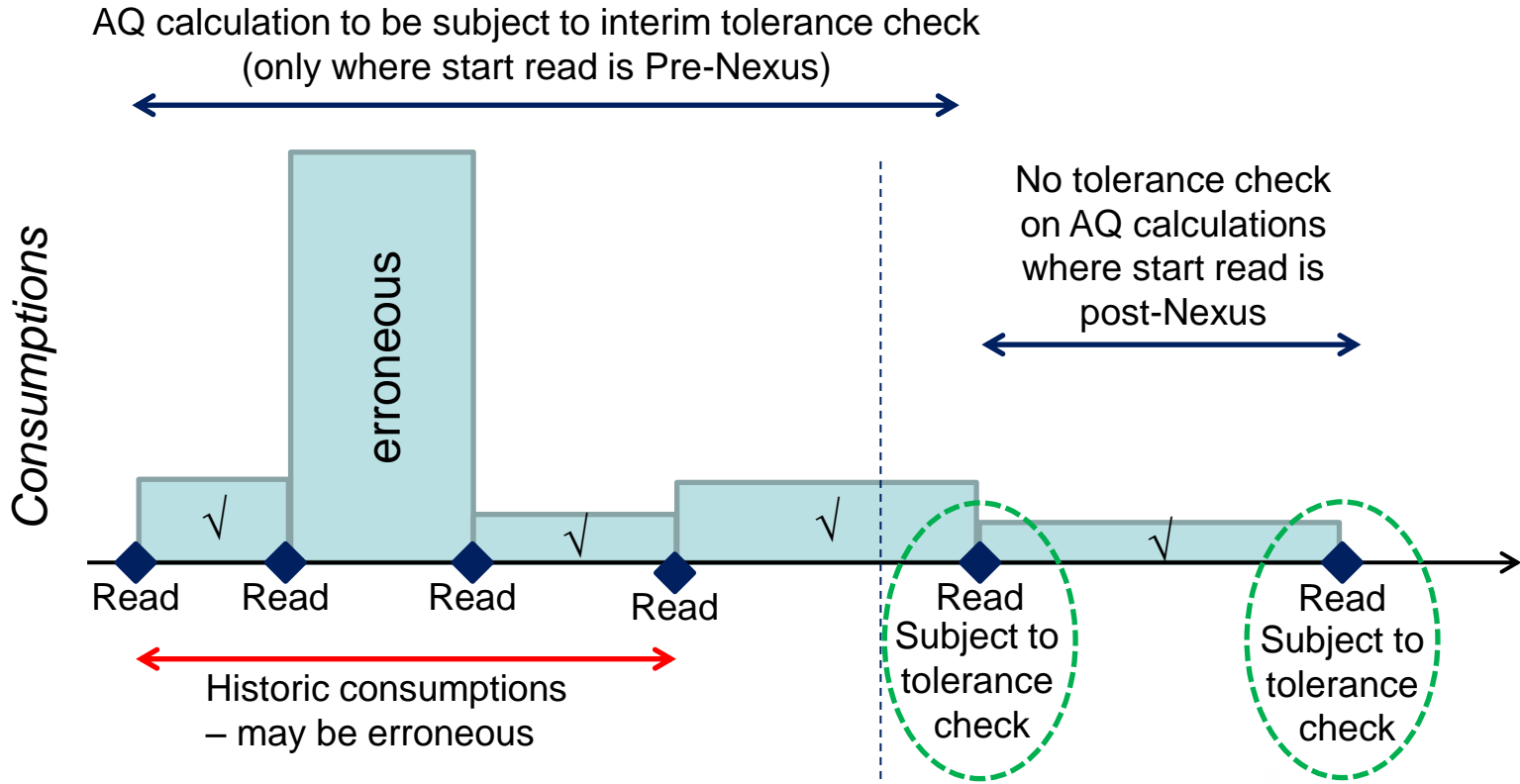
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- Concerns about outcome from Rolling AQ calculation for an interim period
- New meter readings subject to AQ/SOQ based tolerances
- Start read for AQ calculation may be pre-Nexus – erroneous read/consumption could inflate the AQ
- AQ goes live following month – no Amendment process
- Proposal for an additional AQ tolerance check for an interim period only
- Tolerances to be applied only where start read is pre-Nexus ...

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*Project Nexus
Implementation*

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Scope of proposed interim tolerance check

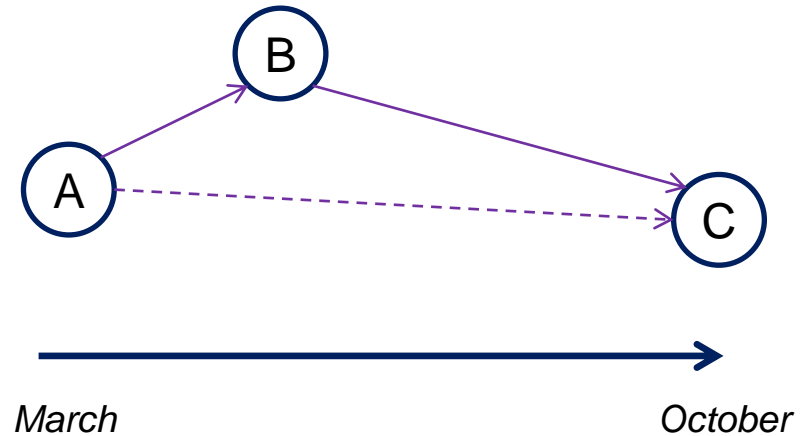
- In scope
 - AQ increases following monthly system calculation
 - SSP to LSP increases
 - LSP to LSP increases
 - Start read date is pre-UKLink Replacement go-live
- Out of scope
 - AQ decreases (or unchanged) following monthly system calculation
 - AQ increases but stays within SSP
 - Start read date is post-UKLink Replacement go-live
 - AQ corrections (post-Nexus process)

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- Analysed all 2013 and 2014 AQ calculations where initial outcome was an increase:
 - LSP to LSP
 - SSP to LSP
- Within SSP excluded
- Compared initial increase to final outcome following Xoserve and Shipper investigations
- 2015 AQ Review excluded – final outcomes not yet known



A = Previous live AQ, prior to re-calculation

B = System calculation - revised AQ

C = New Gas Year AQ, following Xoserve and Shipper investigations

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WITHIN LSP INCREASES – UPDATED RESULTS

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Discussion at May PN UNC

- Initial Xoserve analysis presented
- Suggested a single tolerance for all LSP AQ calculations
- Shipper request to mirror the latest proposed meter read tolerances
- Proposed meter read tolerances tested against 2013 and 2014 LSP AQ calculations
- E.g. 73,201 to 732,000 AQ – Outer read tolerance of 550% of AQ/365 – tested an AQ tolerance of 550% increase

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LSP to LSP – Updated AQ Tolerance levels (based on Outer Read Tolerances)

Lower AQ Band (kWh)	Upper AQ Band (kWh)	Proposed AQ Tolerance - % increase in AQ	Maximum Allowable New AQ -- kWh	Worst case false acceptances per 1000	Worst case number of rejections per 1000
73,201	732,000	550%	4,758,000	8	17
732,001	2,196,000	500%	13,176,000	8	16
2,196,001	29,300,000	450%	161,150,000	9	22
29,300,001	58,600,000	400%	293,000,000	9	37
58,600,001	and above	350%	4.5 x previous AQ	4	31

- Results shown are “worst case” based on 2013 and 2014 AQ Review – data quality should be better after migration to new UKLink – impossible to quantify impact of data cleansing
- Reviewed and agreed on 5th June 2015 teleconference

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SSP TO LSP INCREASES – UPDATED RESULTS

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11 SSP to LSP Increases – Updated Assessment

- Much greater volatility of change amongst SSP to LSP Threshold Crossers
- Previously reviewed 2013 and 2014 Threshold Crossers – based on initial system calculation
- Sub-divided population using proposed Read Tolerance Sub-Bands (PN UNC 10th March)
- All sub-bands show big initial increases, mostly reduced subsequently by Xoserve and Shipper investigations
- Shippers requested that Xoserve revise the analysis, using the latest proposed read tolerances ...

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SSP to LSP – Updated AQ Tolerance levels (proposed based on Outer Read Tolerances)

Lower AQ Band (kWh)	Upper AQ Band (kWh)	Proposed AQ Tolerance - % increase in AQ	Maximum Allowable New AQ -- kWh	Worst case false acceptances per 1000	Worst case number of rejections per 1000
1	1	7,000,000%	70,001	-	1,000
2	200	25,000%	50,200	-	1,000
201	500	10,000%	50,500	-	1,000
501	1,000	5,000%	51,000	-	1,000
1,001	5,000	2,000%	105,000	13	987
5,001	10,000	500%	60,000	-	1,000
10,001	20,000	400%	100,000	7	989
20,001	73,200	600%	512,400	183	572

Tolerance would not permit any threshold crossers

- Results shown are “worst case” – data quality should be better after migration to new UKLink – impossible to quantify impact of data cleansing

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SSP to LSP Increases – Summary of Discussions

- Use of proposed outer read tolerances would allow very few threshold crossers
 - Would prevent any AQs between 1 and 1,000 becoming LSP until a post-Nexus start read becomes available
- Question for the 5th June meeting;
 - Is this an acceptable consequence or excessively cautious?
- Conclusion from the 5th June meeting;
 - Yes, with minor amendments which is shown on the following slide

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SSP to LSP – Updated AQ Tolerance levels (as agreed)

Lower AQ Band (kWh)	Upper AQ Band (kWh)	Proposed AQ Tolerance - % increase in AQ	Maximum Allowable New AQ -- kWh	Worst case false acceptances per 1000	Worst case number of rejections per 1000	
1	1	7,000,000%	70,001	-	1,000	
2	200	25,000%	50,200	-	1,000	
201	500	10,000%	50,500	-	1,000	
501	1,000	5,000%	51,000	-	1,000	
1001 *	3,000	2,000%	63,000	-	1,000	
3001 *	5,000	1,000%	55,000	-	1,000	
5,001	10,000	500%	60,000	-	1,000	
10,001	20,000	400%	100,000	7	989	
20,001	73,200	600%	512,400	183	572	
	Tolerance would not permit any threshold crossers					

* Previous Banding 1,001 to 5,000 split into 2 to reduce rejection of valid Domestic AQs

- Results shown are “worst case” – data quality should be better after migration to new UKLink – impossible to quantify impact of data cleansing

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Summary/ next steps

- Sub-group to make recommendation to 8th June PN UNC
- Approved tolerances to be documented in a UNC Related Doc
- Tolerances will be parameters in the interim solution and can be amended

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