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PN UNC
7th August 2012

Reconciliation Issues
(Action: NEX06/02)

Introduction

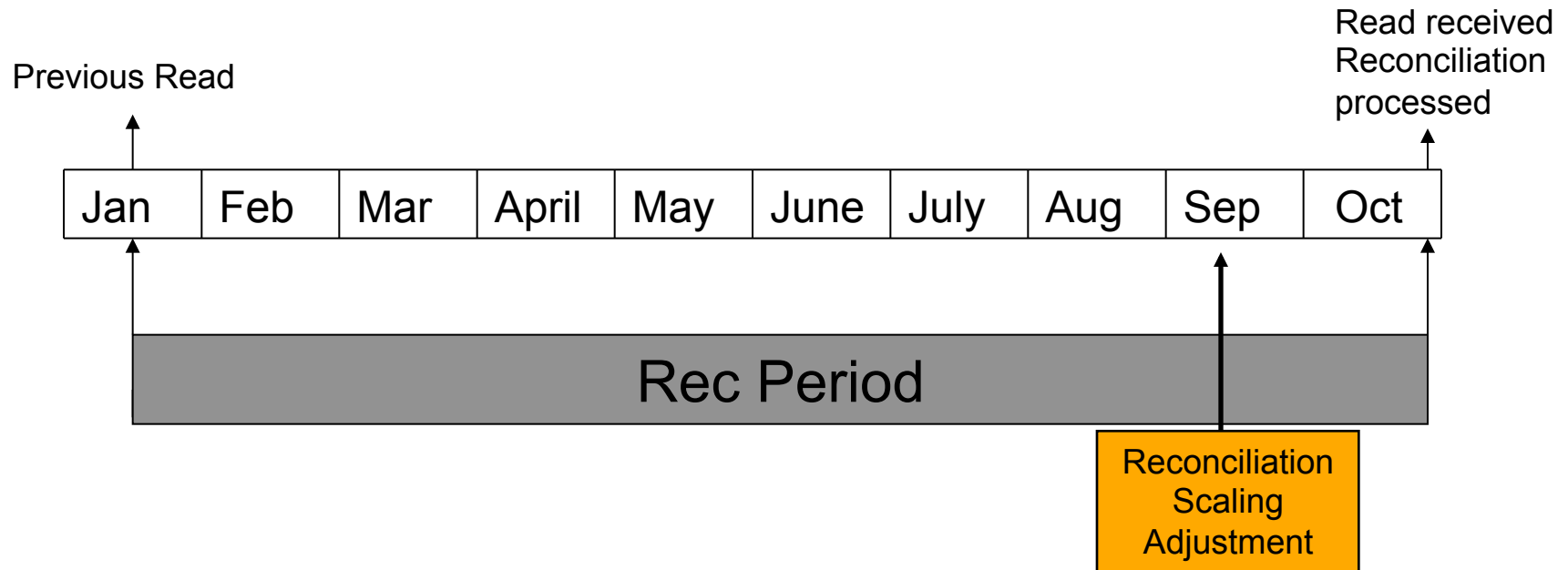
- Xoserve is developing internal requirements based on the BRDs developed at PN UNC.
- During the internal workshops issues / questions / clarifications have been raised
- The issues were originally raised & discussed at May PN UNC. Workgroup requested time to consider the options proposed
- These need to be agreed by PN UNC
- Three areas raised;
 - Reconciliation Scaling Adjustment
 - Transition from RbD to Meter Point Rec
 - Reconciliation Invoice creation

Reconciliation Scaling Adjustment

- **Issue:**
 - How to allocate the energy and what market share following a reconciliation that spans only the period post meter point reconciliation implementation.
 - Secondly, how to allocate energy and what market share following a reconciliation that spans both pre and post meter point reconciliation implementation.
- **Options Summary**
 - All Reconciliation Scaling Adjustments fed into previous month
 - Reconciliation Scaling Adjustment using market share over x number of months
 - Mirror image of Reconciliation period

Option A

All Reconciliation Scaling Adjustments fed into previous month



Advantages

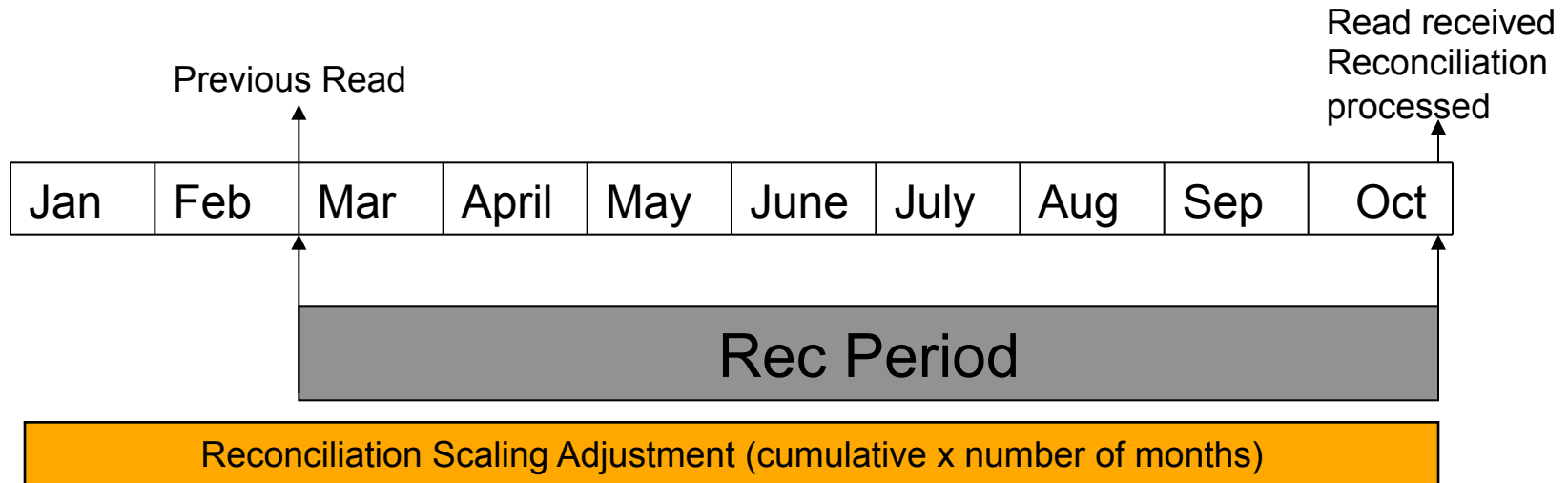
- Simple to Validate, supports monthly reconciliation in the future
- Minimises risk of charges allocated to shippers or other shippers failures (exit from market)

Note

- Market Share for each shipper is based on previous month

Option B

Reconciliation Scaling Adjustment (Smear) based on X number of months



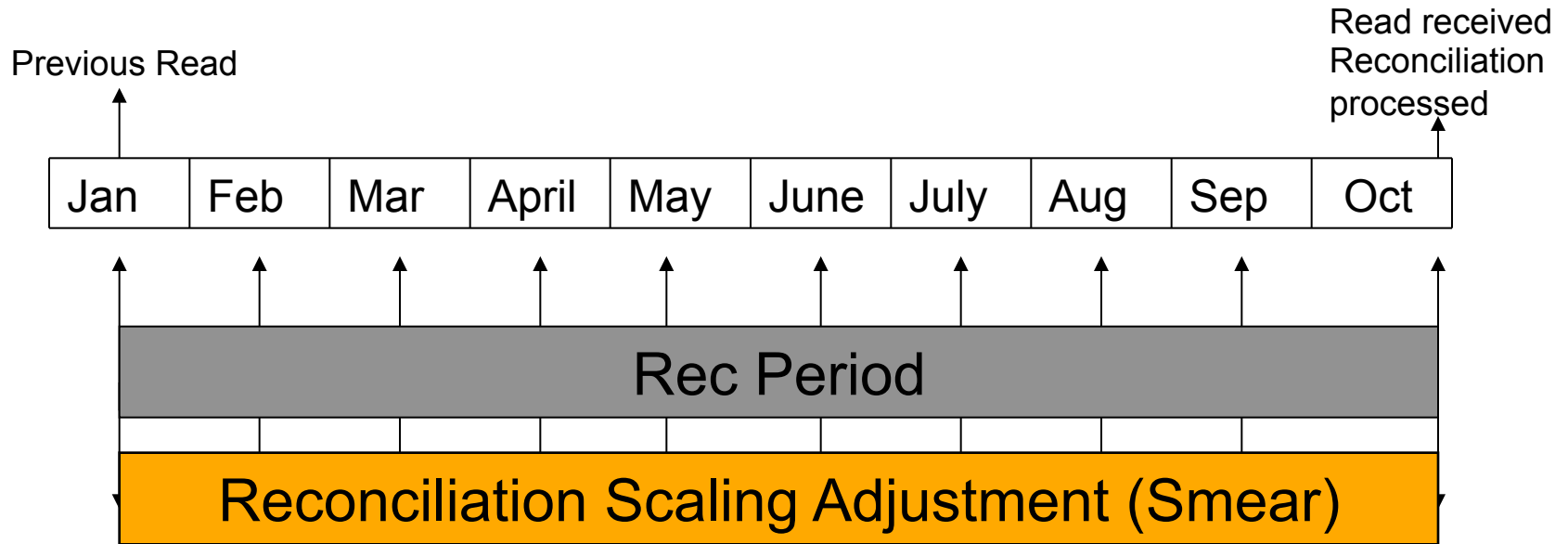
Advantages

- Reduces risk to new market entrants more than option A
- May be more suitable until monthly Recs are achieved

Note

- (x based on Read Periods, consumption periods)
- Does not fit with monthly reconciliation
- Market share based on cumulative market share total

Smear is a mirror image of original Rec period Market Shares are based on monthly values



Advantages

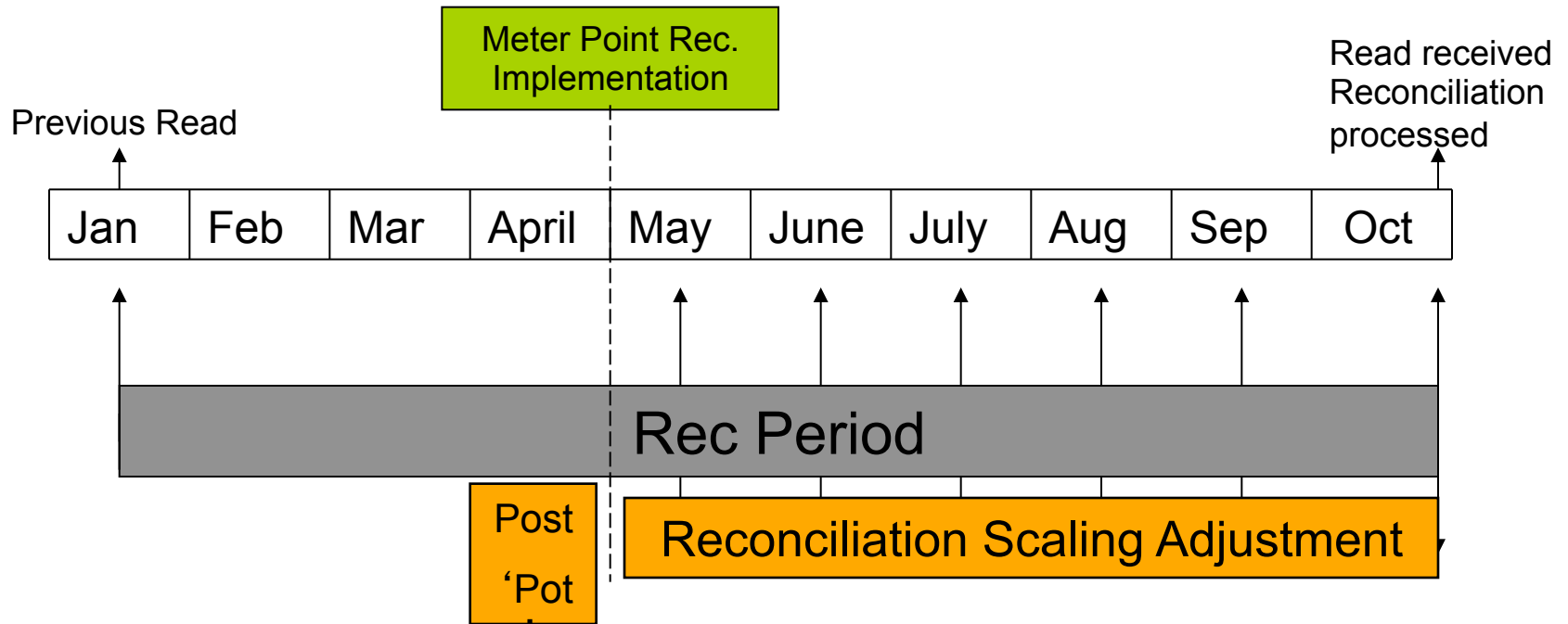
- Aligns to relevant reconciliation periods from meter point reconciliation date

Note

- Could be complicated
- Difficult to validate, significant data required
- Risk to Shippers who have exited the market
- More historic data required

Option C (2)

Defined 'Pot' post Meter Point Rec Implementation



Reconciliation Scaling Adjustment – Market Share

- Clarification on what information will be used to calculate a Shippers market share for the Reconciliation Scaling Adjustment (smear). Options are;
 - AQ (preferred)
 - Based upon meter point AQ aggregated to form shippers market share for total AQ of an LDZ
 - Initial Throughput
 - Based upon the initial throughput for a meter point aggregated to form shippers market share within the total initial throughput of an LDZ
 - Latest throughput
 - Based upon the latest throughput for a meter point (i.e. following reconciliation) aggregated to form shippers market share within the total latest throughput in an LDZ

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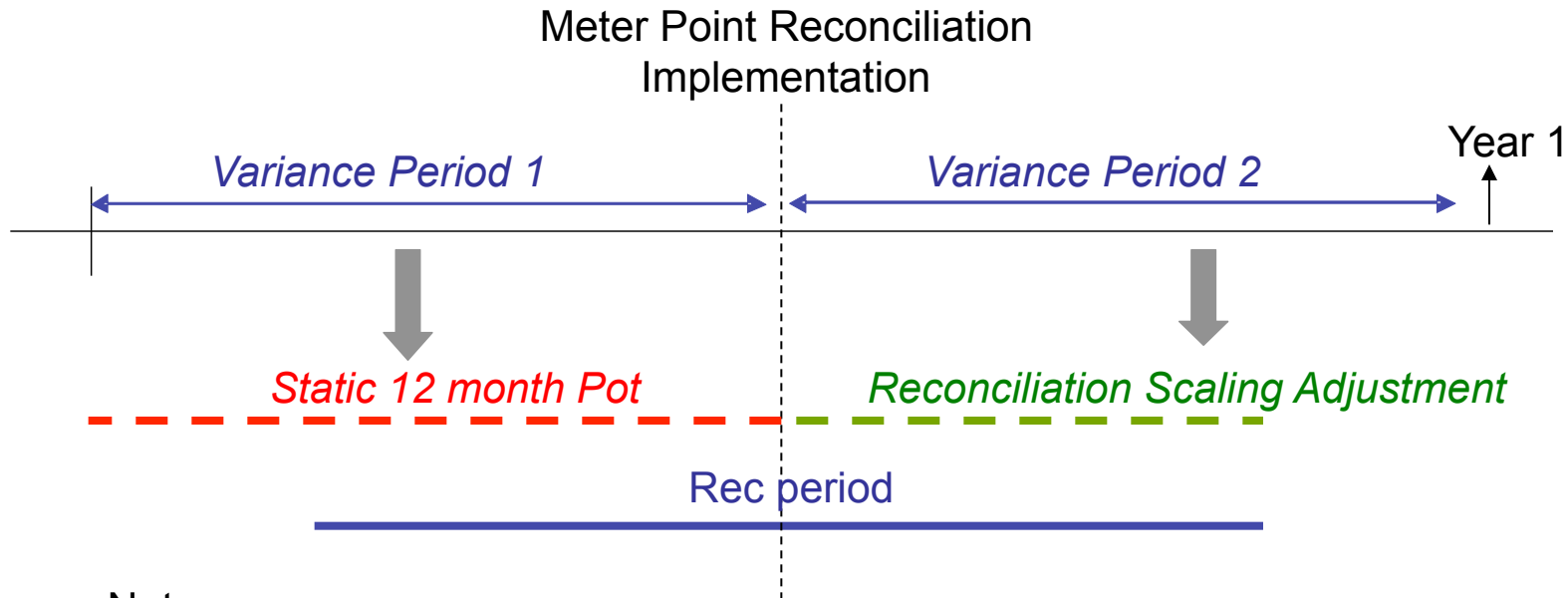
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Transition from RbD to Meter Point Reconciliation

- Issue:
 - How to smear the energy and what market share following a read received for reconciliation following Meter Point Reconciliation
- Options:
 - [12] months ‘Static Pot’. All energy is smeared back over [12] months regardless of length of reconciliation period. This will expire 12 months after Meter Point Reconciliation is implemented.
 - [12] month ‘Moving Pot’ which rolls on for [12] months after Meter Point Reconciliation. After [12] months all reconciliation periods will follow Reconciliation Scaling Adjustment methodology
- Note
 - Any post Reconciliation Periods in both options will use new Reconciliation Scaling Adjustment methodology. Reconciliation periods pre Meter Point Reconciliation in both options will be aligned to monthly pot based on meter read frequency as per existing RbD methodology (i.e. 1, 6 and 12 month pot).

Option 1

12 Month 'Static' Pot



Note

- The reconciliation period pre Meter Point Reconciliation Implementation Date will be apportioned over a static 12 month pot.
- This allows the market pre to Meter Point Reconciliation to be reconciled more appropriately for whole period of reconciliation
- The Static Pot stays static for a 12 month period after which Meter Point Reconciliation will be the prevailing methodology

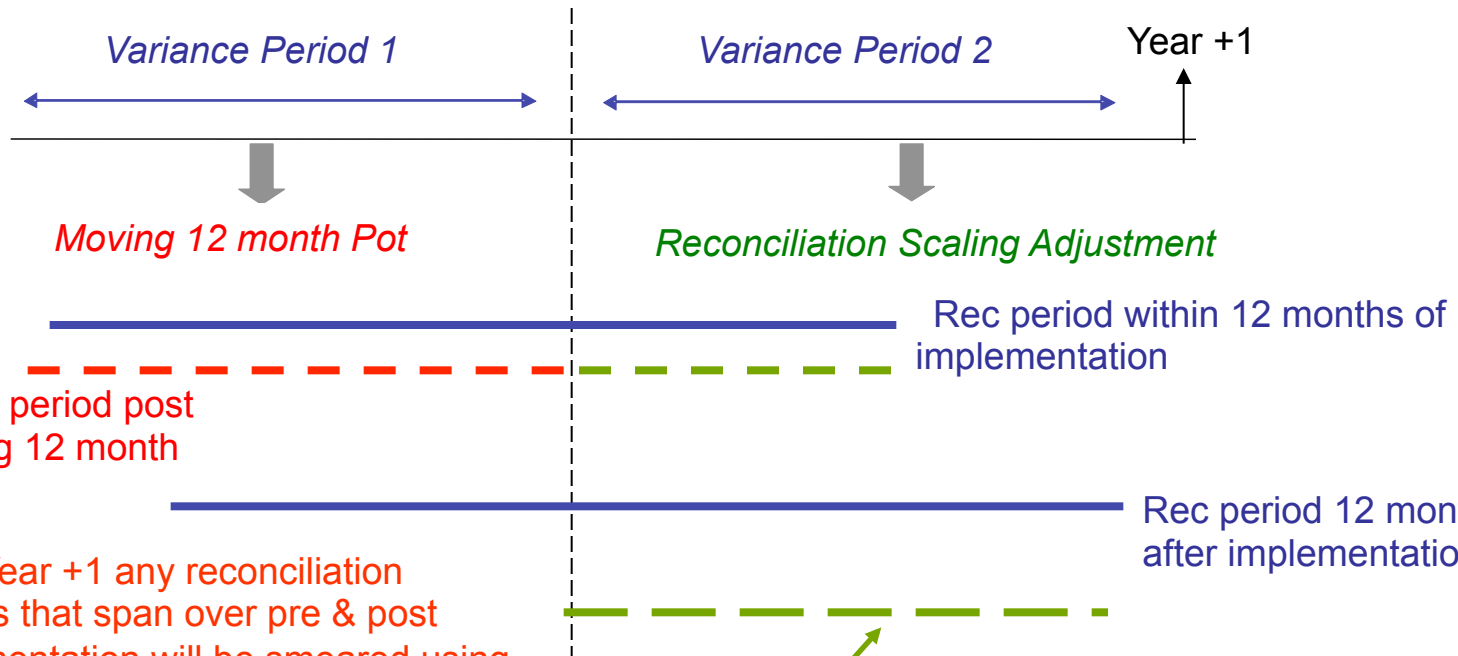
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Option 2 12 Month 'Moving' Pot

Meter Point Reconciliation Implementation



Apportion energy for period post implementation using 12 month RbD Pot

After Year +1 any reconciliation periods that span over pre & post implementation will be smeared using the Reconciliation Scaling Adjustment.

Reconciliation Invoice Creation

- Issue regarding the timescales for submitting Reads in Product 3 & 4 and the generation of the Reconciliation invoice
- For Product 3 a number of re-reconciliations could be created as Shippers have 40 days to submit reads which would mean before the invoice is issued for missing or rejected reads the Shipper could re-submit the reads before invoice issue and so re-recs would need to be processed.
- Options
 - Calendar month + 10 days for reconciliation invoice and read submission Cut Off
 - Calendar month + 10 days for reconciliation invoice, D+40 read submission Cut Off
 - Calendar month + 40 days reconciliation invoice and read submission Cut Off

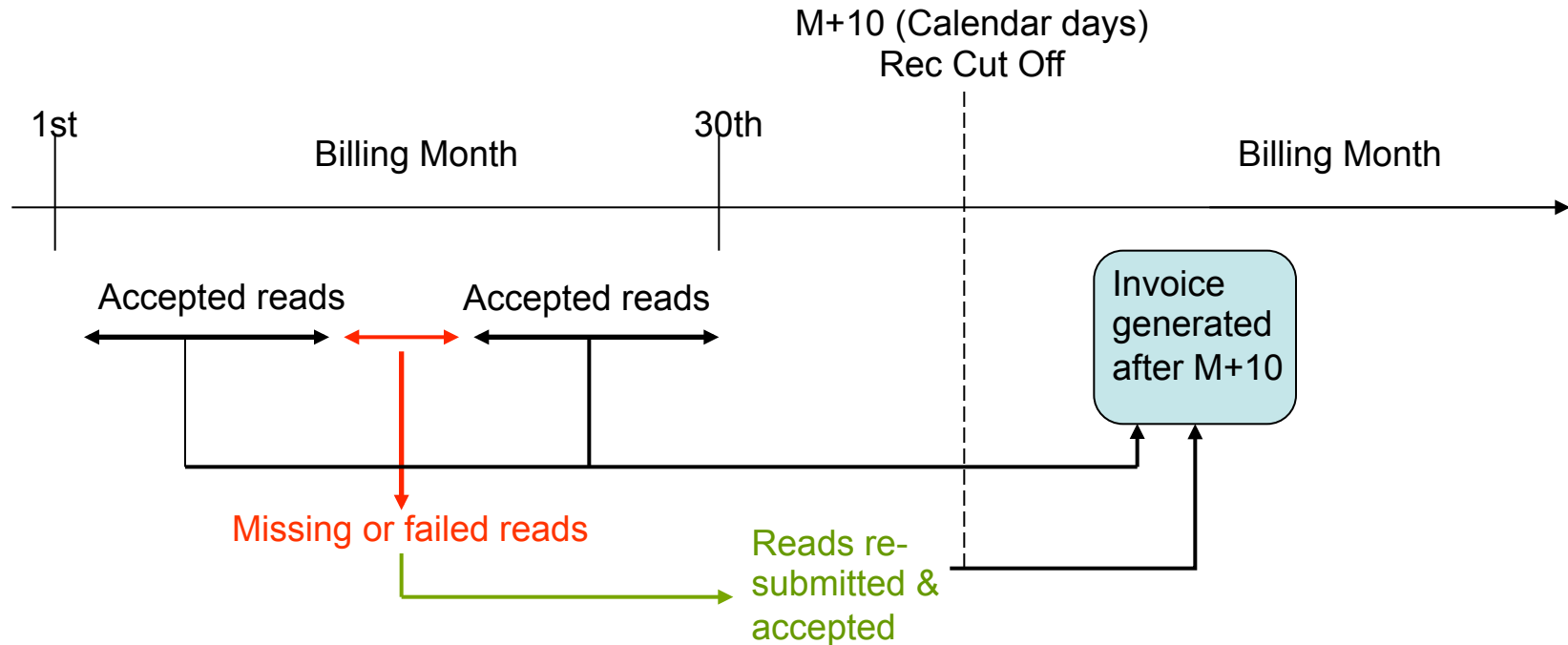
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Option A

Month + 10 Reconciliation Cut Off



Note:

- Primary Reconciliation calculated efficiently
- Failed or missing reads not accepted after Cut Off
- Reconciliation carried out from previous to latest accepted read

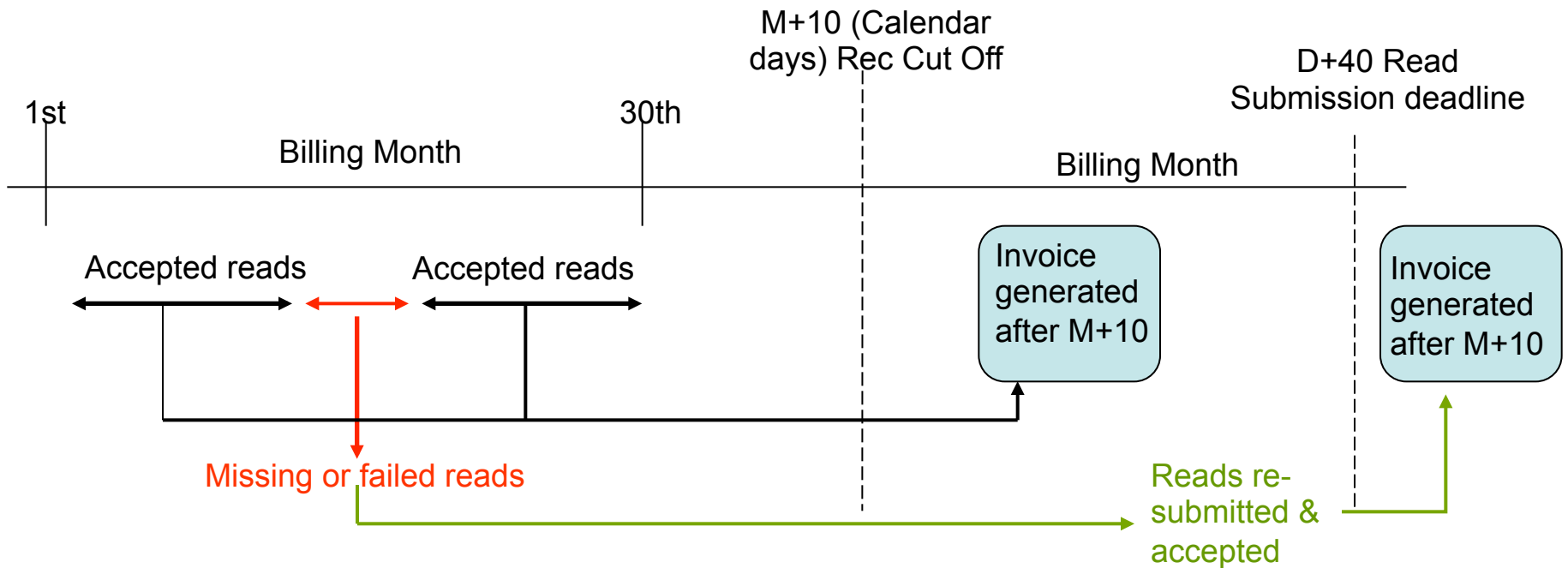
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Option B

D + 40 Reconciliation Cut Off



Note:

- Allows the 40 days to submit the reads

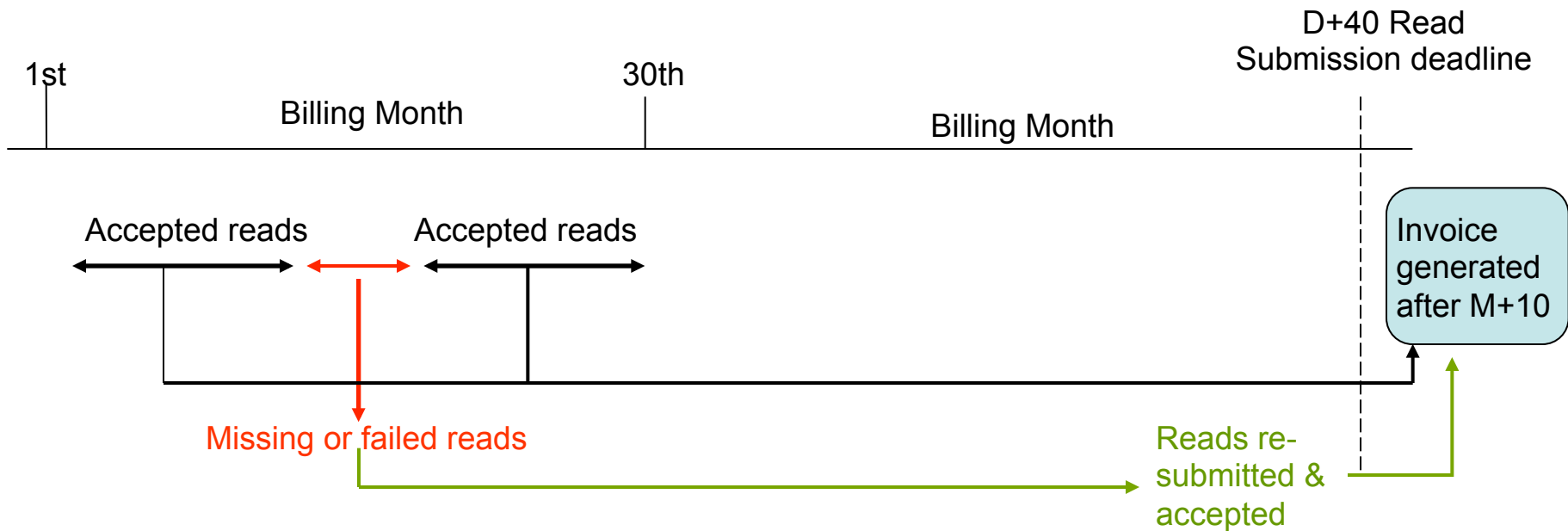
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Option C

Reconciliation Processed after D+40



Note:

- Allows the 40 days to submit the reads before primary rec is calculated
- Invoice generated monthly but Rec charges invoiced at Month +2