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Project Nexus Settlement

Allocation Scaling Adjustment* – Potential for
Negative Values

** Suggested term to describe “Balancing Correction” or
“Energy Smear” after the day*

Allocation Scaling Adjustment

- Weather Correction Factor its closest current equivalent – compares Total Actual NDM Demand to Profiled NDM LDZ Demand
- Profiled demand uses AQ and Annual Load Profile by EUC – equates to pseudo seasonal normal demand
- WCF is first stage of allocation process – much more variable than Scaling Factor

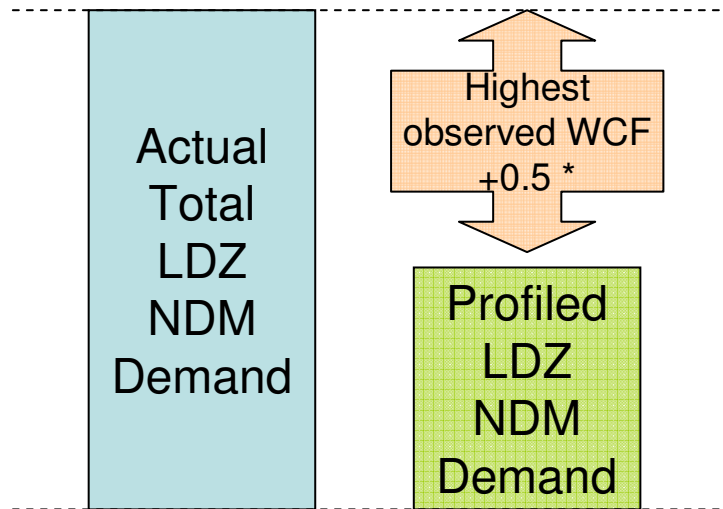
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Impacts on Weather Correction Factor

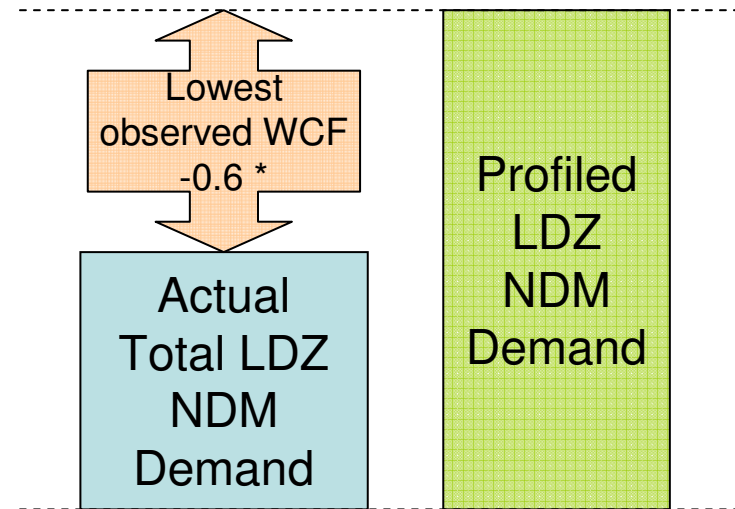
Unseasonably Cold Day



- Could also be due to large LDZ Off-take over-read or large DM under-read

* Review of June 09 to May 10 values

Unseasonably Warm Day



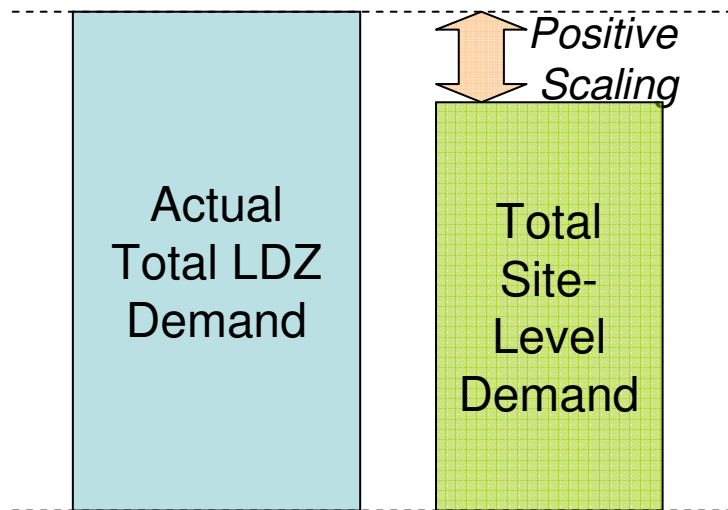
- Could also be due to large LDZ Off-take under-read or large DM over-read

Variability of Allocation Scaling Adjustment

- Allocation Scaling Adjustment will compare Total Actual LDZ Demand to Total LDZ Site-Level Measurements/ Estimates
- Less impact of weather
- Greater impact of measurement errors
- No data available at present as no large-scale Smart roll-out

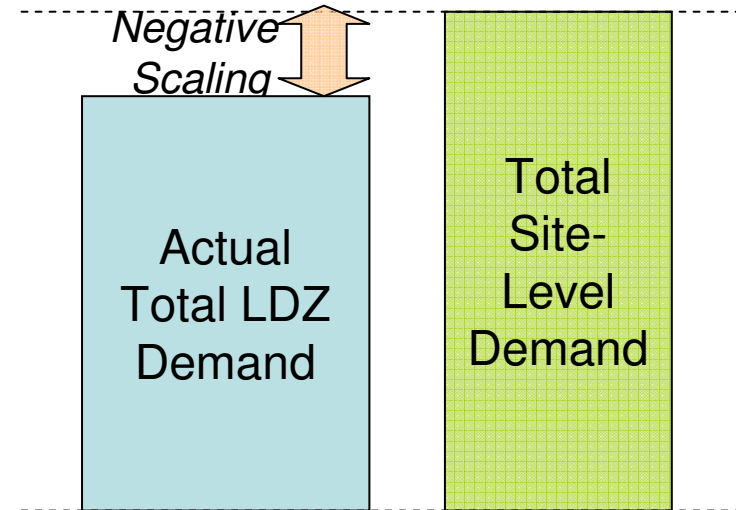
Potential for Negative Scaling

Usual Outcome



- Total Demand exceeds sum of measurements/ estimates, due to theft, missing sites, large site under-reads, LDZ over-reads etc.

Unusual Outcome



- Sum of measurements/ estimates exceeds Total Demand, due to large site over-read or LDZ under-reads

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Options for treatment of Negative Scaling

- Scaling may be negative in early runs of Allocations and corrected before close-out
- Options for treatment of a negative
 - Allow to flow into individual allocations
 - Suppress negatives – collar of zero
 - how is energy kept whole in LDZ?
 - Shippers are allocated more gas than was used
 - Other options?