Work Programme
UNC Modification Reference Number 0177
Rolling AQ Review
Questionnaire

Name: Stefan Leedham Organisation EDF Energy Stakeholder Group (if any) ___

Current AQ Process

1 Indicate the extent to which you view these characteristics of the current process to be an issue.

(a) Resources to support peaky nature of review.

Marginal

(b) Number/proportion of uncalculated AQs in Annual Review.

Significant

(c) Cumbersome nature of changing AQs outside the amendment window.

Impossible

(d) Large step change in demand each 01 October.

Marginal

(e) Risks to RbD shippers associated with delays in changing AQs.

Significant

(f) Potential gaming opportunities eg through selective targeting of reads.

Perceived to be significant, but likely to be marginal

Resources

2 Would you be able to quantify the resources benefit from moving to a rolling AQ process that would be expected to produce a more even annual workload?

EDF Energy believes that the resource benefit of moving to a rolling AQ would be marginal, although some IT resources required to support an annual process would be removed.

3 If so would you be able to provide this information:

(a) Directly to the Review Group for consideration?

(b) To a trusted party for the purpose of providing the Review Group with aggregated information?

Uncalculated AQs

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4 What benefit would be derived if the proportion of uncalculated AQs were reduced?

Ensure more accurate reconciliation of energy between Shippers.

5 Do you believe that a rolling AQ process would serve to reduce this proportion and if so how?

Potentially if a rolling AQ provided an incentive to submit more meter reads, although the current 20% threshold also needs to be addressed.

Current Change Process Outside the AQ Window.

6 To what extent does the current nature of the change process inhibit you from making changes outside the AQ window?

Change is limited to exceptional AQ errors.

7 If a faster process than the current confirmation based process were available, would you make more changes outside the AQ window?

It is envisaged that the AQ would be more responsive to meter reads and so erroneous AQs could be corrected. Therefore an initial increase of AQ correction would be expected but this would reduce as more accurate AQs were registered.

8 If a simpler process than the current confirmation based process were available, would you make more changes outside the AQ window?

See above.

9 If a process that didn't involve changes in confirmation number were available, would you make more changes outside the AQ window?

Step Change Issue

10 Identify the adverse consequences in large step changes in AQ on 01 October each year.

Negligible, however the adverse consequences are more relevant to step changes in consumption that are not reflected in the AQ until 18 months down the line – this becomes increasingly important with greater focus on energy efficiency and a 95/5 capacity/commodity split.

11 Short of moving to a full Rolling AQ review, are there any other ways in which this issue might be alleviated, and if so what are they?

Individual Meter point Reconciliation.

Risks and Gaming

12 Identify the extent (eg major, moderate, minor, none) and nature of the perceived risk due the additional time-lag between reading and AQ adjustment that is associated with an Annual Process.

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Major risk that a step change in consumption does not read through into a reduced AQ for 18 months, over which time revenues are down, capacity charges remain the same and potential for cross subsidisation between Shippers and consumers.

Perceived major risk from gaming by other Shippers due to time lag between reading and AQ adjustment. However in reality probably none.

13 Short of moving to a full Rolling AQ review, are there any other ways in which this risk might be mitigated and if so what are they?

Individual Meter Point Reconciliation

14 Do you believe there is still a substantial issue with shippers gaming through targeting of reads?

There is perceived to be, but unlikely.

15 If so:

(a) Do you believe that a rolling AQ process would serve to alleviate the issue and if so how?

No

(b) Is there anything short of moving to a full rolling AQ review, that might alleviate this issue and if so what?

Individual Meter Point Reconciliation

Validation

16 Do you agree that as part of moving to a rolling AQ, much of the current validation processes would no longer apply?

Probably – although further detail required.

17 If so:

(a) Do you consider this to be a substantial issue?

No

(b) Can you suggest ways in which some validation might still apply and if so what?

Challenge Margin

18 Do you believe that changing to a rolling AQ should prompt a change to the current 20% margin for AQ challenges?

Yes

19 If so, indicate:

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(a) The preferred margin.

Max 5%

(b) Whether or not it is due for change anyway.

Further analysis on the impact of this margin would be welcome.

Must Reads

20 Do you believe that changing to a rolling AQ should prompt a change to the rules on must reads?

No

21 If so, indicate:

(a) The preferred changes to the rules.

(b) Whether or not the rules are due for change anyway.

Frequency of AQ Update

22 If a change was made to a rolling AQ should the AQ be updated

(a) Following acceptance of each meter reading?

Yes – although maybe not for DM sites!

(b) At a lower frequency (if so, what and why)?

Monthly is preferable

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