AQ Review 2006

Process Overview

Compiled By xoserve AQ Team

Version 5

Presentation Overview

Objectives: To give an awareness of the AQ Review process

- AQ – Definition AQ Review & Timetable
- Section 1: AQ System Calculation:
  - DM Calculation
  - NDM Calculation
  - Important Points
  - The Uniform Network Code Defined AQ Calculation
- Section 2: AQ Speculative Calculator
  - Process
- Section 3: AQ Amendments
  - Reasons For Amendments
  - Amendments Tolerance
  - Uniform Network Code Obligations

Section 4: AQ Appeals

- Reasons For Appealing
- New Business Appeals

AQ – Definition

- Annual Quantity (AQ) is a value held for each meter point that reflects the expectation as to the volume of gas that a meter point will consume within 1 gas year. The AQ is derived from historic consumption and consumption patterns to derive the most accurate AQ

- AQs or derivatives of AQ, are utilised in many xoserve and Shipper processes, including:
  - Network Analysis & Planning
  - Energy Balancing
  - Safety
  - Billing / RbD & Transportation Charges
  - Read Frequency
  - Emergency Contacts
  - Site Classification

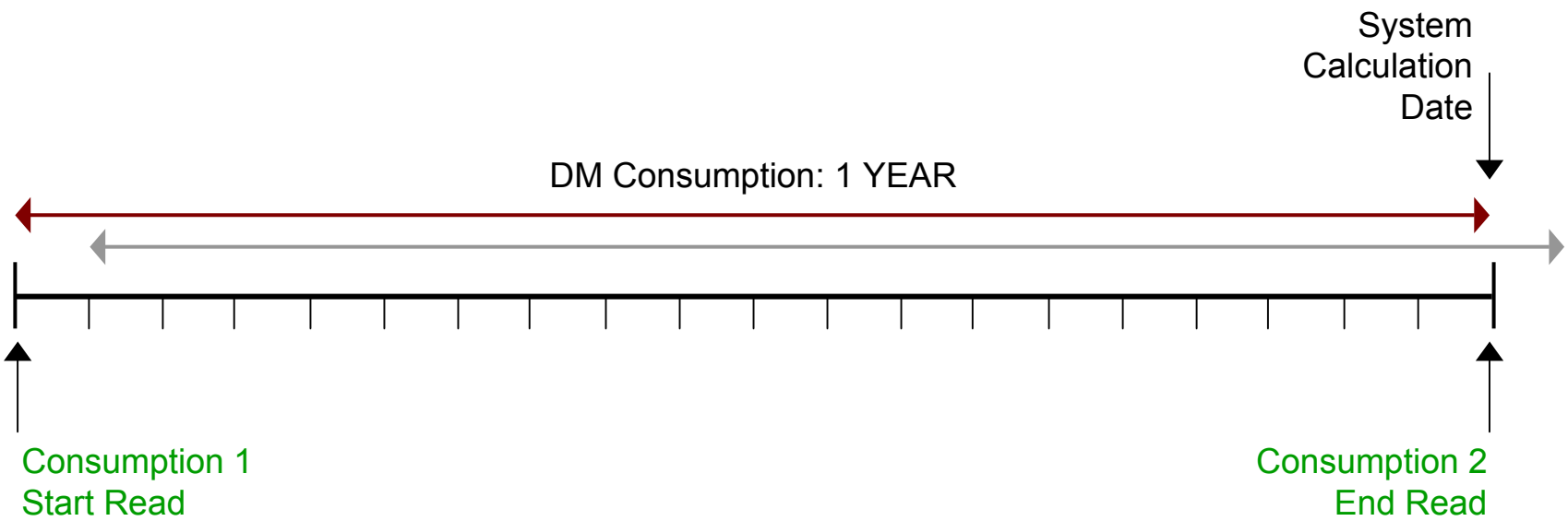
AQ Timetable

April	xoserve Recalculates SSP Meter Point AQs
May	xoserve Recalculates LSP Meter Point AQs
May	xoserve Recalculates Meter Point Winter Consumptions (WC)
By June 6th	All SSP & Threshold Crosser T04 Notification Files Released
June 7th	SSP AMENDMENT WINDOW OPENS
By June 30th	All LSP T04 Notification Files Released
July 1st	LSP AMENDMENT WINDOW OPENS
July 31st	AQ Appeals Window Closes
August 20th(2005 only)	Last Day For Shipper Amendment Files
September 1st	Supply Point Revision Commences
September 14th	NRO / NRL Files Released to Shippers (S91, S92, T68)
September 15th	Appeals Window Opens
October 1st	AQs IMPLEMENTED

Section 1: AQ System Calculation

Daily Metered (DM) AQ Calculation

UNWC Section: G.1.6.2

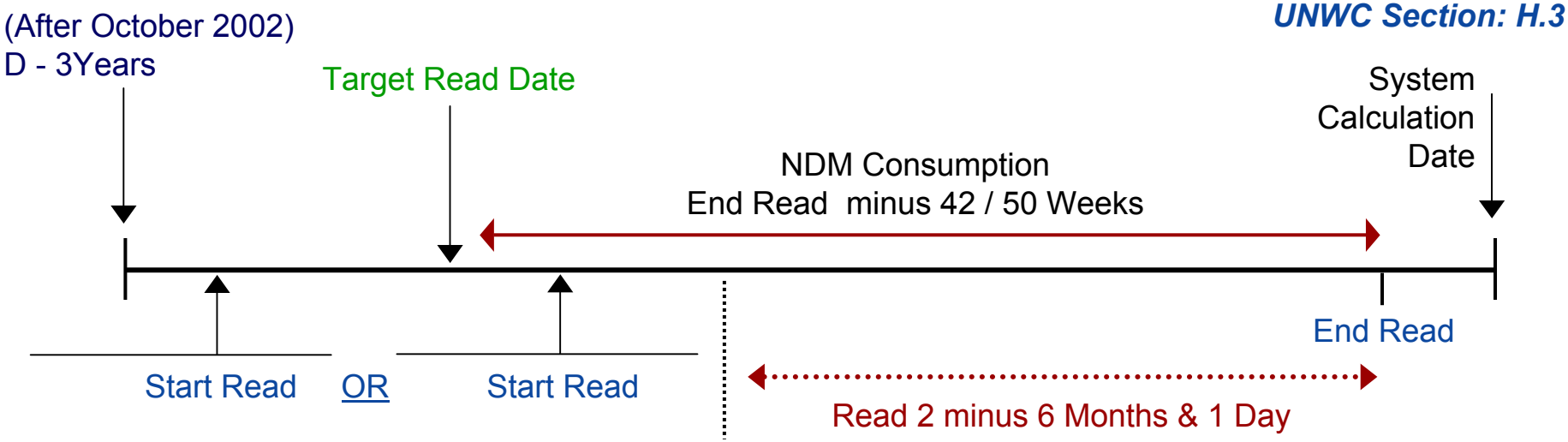


- 1 Years Consumption for DM sites is 365 Days (or 366 days for Leap Years)
  - Reads on a day denote the end of the previous days consumption, therefore consumption 365 (End Read) will be derived from the read on day 366
  - DM AQs are NOT Adjusted to seasonal normal temperature (NDM AQs are)

1: AQ System Calculation:

Non-Daily Metered (NDM) AQ Calculation

UNWC Section: H.3



- All Reads used in System AQ Calculation have to be within 3 years of the calculation date and after the Backstop of October 2002.
- End Read is the latest dated valid read prior to the system calculation
- Target Read Date (Start Read) is End Read minus 50 weeks for Monthly Read Meters, 42 Weeks for Non-Monthly Read Meters
- Start Read is the latest valid read prior to Target Read Date (but not less than 3 years since calculation date) OR if no valid read exists before the Target Read Date, the earliest dated read after the Target Read Date BUT before the End Read minus 6 months & 1 day
- If no valid read exists earlier than the End Read minus 6 months and 1 day, no AQ calculation will take place, current AQ will be carried forward

1: AQ Calculation :Important Points

- AQ System Calculation will use any valid read on xoserve systems.
- Aim to identify erroneous AQ calculations.
- System Calculation starts in April each year.
- If system is unable to determine 2 reads within specified parameters, AQ will be Carried Forward – same AQ Value for previous Gas Year will be applied in next Gas Year.
- Manual Analysis will take place on:
  - Threshold Crossers
  - LSP AQ Calculation
  - WC Calculation
  - Primes & Subs

1: AQ System Calculation :The Uniform Network Code Defined AQ Calculation

- RMQ – Relevant Metered Quantity Calculation: ***UNWC Section: H.3***
  - (Read 2 – Read 1) * Asset * CV Value (No. Of Days * 365)
  - ** Calculation of Consumption Only – Not AQ*

- Actual Uniform Network Code Defined xoserve System Calculation (H.3.4.1):

$$AQ = RMQ * \frac{365}{\sum_{t=1}^{M} \left(ALP_t * \left(1 + DAF_t * EWCF_t\right) \right)}$$

RMQ: Relevant metered Quantity or Consumption based on Reads and Asset

INCLUDES: Actual CV values and not default value

CWAALP: Cumulative Weather Adjusted Annual Load Profile

Includes Daily Adjustment Factors, Load Profiles, Normal Seasonal Variables, Weather Sensitivity etc. for both actual and forecasts

Section 2: Speculative Calculator

- UK Link functionality which allows the Shipper to use meter reading and asset data via IX to derive AQ.
- Available all year round – Amendments & Appeals
- Only way to accurately calculate an AQ Value, taking into account CV and weather variables
- Must fall within Read Rules:
  - NDM: End Read must be later than start read + 6 months + 1 Day
  - DM: End Read must be 365 days from Start Read
- Spec Calc is a calculator only – it does not validate data (reads and asset) at this stage
- If submitting an Amendment or Appeal the requested AQ must be derived from a successful Speculative Calculation

Section 3: AQ Amendments

UNWC Section: G.1.6

- An AQ Amendment is a challenge by the owning Shipper to change the AQ Value to be applied on 1st October
- Shipper is challenging the data that xoserve has used to calculate AQ by using new or more valid data
- Amendments occur during the AQ Review period ONLY
- If the amendment is Accepted, the amended AQ will go live automatically on 1st October
- If the amendment is Rejected, the xoserve calculated AQ will go live on 1st October

3: AQ Amendments: Reasons For Amendment

UNWC Section: G.1.6

- 1: Reads
  - An Amendment can be submitted where:
    - The Read/s used by xoserve are incorrect therefore resulting in an erroneous calculation -The Shipper has more recent reads available than those used by xoserve
- 2: Meter Asset Discrepancy
  - An Amendment can be submitted where:
    - xoserve has calculated the AQ using incorrect *MATERIAL* asset data. This Includes:
      - Imperial / Metric Indicator
      - No. of Dials
      - No. of Units
      - Correction Factor
    - Each of the above will have a direct impact on the calculated AQ

In addition to the Amendment, the Asset change should be submitted to xoserve to ensure future accuracy of consumption and AQ calculations

3: AQ Amendments: Reasons For Amendment

- **3:** Carry Forwards

UNWC Section: G.1.6

  - xoserve has been unable to recalculate the AQ & the current AQ is applied. Reasons for Carry Forwards can include:

    - xoserve has been unable to calculate an AQ due to a lack of consumption history
    - Analysis has determined that the proposed AQ may be erroneous

For Amendments where the Supply Point is a Smaller Supply Point and will remain as a Smaller Supply Point (<73,200):

- Amended AQ must change by +/- 20%
- The Shipper requested AQ is measured against the xoserve proposed AQ (not current AQ)
- Amendments within this tolerance will be automatically rejected

N.B: Uniform Network Code states: Focus of Amendments should be balanced:
Amendment requests should reflect the true, seasonally adjusted, annual consumption anticipated at the Supply Meter Point requiring increases as well as reductions in the AQ

Section 4: AQ Appeals

- AQ Appeals Process Window:
  - 15th September to 31st July
    - Closes during August & September to allow processing and system updates of AQ Review and Amendments

- Appeals Window Allows:
  - Large Supply Point to Large Supply Point Changes
    - (>73,200 to >73,200)
  - Small Supply Point to Large Supply Point Changes
    - (<73,201 to >73,200)
  - Large Supply Point to Smaller Supply Point Changes
    - (>73,200 to < 73,201)
  - New Business Appeals

- *Small Supply Point to Small Supply Point changes cannot be Appealed*

4: AQ Appeals: Reasons For Appeal

- Shipper may submit an AQ Appeal if:
  - Shipper believes current AQ is not reflective of current consumption
  - Can provide evidence to support a change in AQ value.

  This would include:
  - Valid, recent read information that adheres to the selection of read rules

- Or: Shipper may submit an AQ Appeal if:
  - NBA (New Business Appeal) where a Shipper is due to, or has recently taken ownership of a site (D-7 or D+23 of confirmation date)

Uniform Network Code Section G1.6.13 - NBA can be raised if the Shipper believes:

- Current AQ is not reflective of actual consumption
- Has substantial evidence to support the actual consumption of Gas
- OR – there is change in the Consumers Plant which results in a change in the basis on which gas is consumed
- But the Shipper has no read information but wishes to ESTIMATE an AQ