

## **Mod Review Group 131 – LDZ RbD Notification Process Notification Trigger – Strawman**

### **Regular Updates:**

All Transporters to give [monthly] updates to the Distribution Workstream & Billing Ops Forum detailing:

- The number of meter errors that they are currently investigating
- The number of “large” meter errors that they are investigating that they believe, or could potentially, result in an energy correction of greater than [10] GWh & whether they would result in an RbD credit or debit.

### **Pre-Notification Information Flows**

On identification of a meter error through the completion of a validation report that the relevant Downstream Transporter believes could be greater than [10] GWh the following actions should commence. The Downstream Transporter to inform all RbD impacted Shippers via the Joint Office on a monthly basis:

- That an error has been identified greater than [10] GWh and whether this will result in an RbD credit or debit.
- The LDZ(s) that this error occurred in.
- Their current estimate of the size of this error in GWh.
- A copy of the Validation Report for the meter, when available.<sup>1</sup>
- A brief description of the apparent cause of the error

### **Notification Trigger – Two Stages**

1. Formal notification of a meter error should occur [14 days after a validation and/or audit has identified a meter error]. Formal Notification will involve:
  - E-mail communication to all RbD impacted Shippers containing the following information:
    - The identity of the RbD Shippers who will be impacted by the reconciliation.
    - The LDZ(s) that the error occurred in.
    - Their current estimate of the size of the error in GWh and whether it will result in an RbD credit or debit.
    - The period over which this error occurred.
    - The period that this error will be reconciled over (if different to the total error period).
    - A copy of the Validation Report for the meter.
    - A full description of the apparent cause of the error.
    - A copy of the original readings for the meter in question over the period of the error, when available.
    - A copy of the corrected readings<sup>2</sup> and the estimated readings<sup>3</sup> when corrected readings are not available. For both sets of readings an explanation of how the reads were derived and supporting information should also be provided.

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<sup>1</sup> Required within 14 days after the completion of a Routine Validation by OAD Section D 3.4.2 (a) (i) and within 12 hours for an Exceptional Validation (OAD Section D 3.4.2 (a) (ii)) for an NTS/LDZ Offtake

<sup>2</sup> Required within 14 days after carrying out the relevant validation by OAD Section D 5.2.4.

<sup>3</sup> Required within 5 days after the identification of a fault by OAD Section D 5.3.5.

- The expected delivery date of the first Meter Error Report.
- What the next steps for the Transporters will be.
- A summary of the communications that have taken place between the relevant Transporters regarding the meter error.
- If available an estimate of the financial value of the reconciliation.
- If any of the above information is not available, a full explanation as to why the information is not available, and an estimate of when the information will be delivered should be provided.
- E-mail communication to all Gas Shippers on the Joint Office's e-mail lists detailing:
  - The LDZ(s) affected by the reconciliation
  - The total estimated energy value in GWh
  - The start and end date of the reconciliation
  - A brief description of the issue.

A Notification Group Meeting should be organised, open to all interested parties to discuss the issues in greater detail, to be held at least [10] working days [but no more than 15 working days] after the formal notification has been sent. The Notification Group should be able to decide when/whether the next meeting should be held and request information that the Transporter should provide.

2. On Receipt of a [Meter Error Report] [and after the first stage processes have been completed] then the second stage of the notification process will commence. The same information flows as detailed above should occur at least [15] working days prior to the [reconciliation invoice release], and in addition the following information should be provided:
  - The total estimated financial value of the reconciliation
  - A copy of the meter error report
  - Whether the Meter Error Report is an initial or final MER.

**Issues to be addressed:**

1. Is the distribution Workstream & BOF the correct groups to be giving the monthly update to? Should it be one or the other, or more?
2. Should the updates be monthly?
3. Is 10 GWh threshold sufficient? At current market prices this would give a reconciliation of £6.9m<sup>4</sup>.
4. Would the Downstream Transporter be able to identify the RbD impacted Shippers, as the information is held by xoserve?
5. Is there any additional information that should flow at any of the notification stages?
6. Are the triggers correct for the various stages? Are there any alternative triggers that could be used? Are the stages correct?

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<sup>4</sup> Based on prices of 20p/therm or 0.6913p/kWh. At these prices 5GWh would result in £3.5m, 20GWh in £13.8m, 30GWh in £20.7m, 40GWh in £27.7m & 50GWh in £34.6m.

## Appendix 1

### **Current Arrangements:**

The trigger for the start of the LDZ RbD Reconciliation Notification Process is when NGT Operations & Trading receive a Meter Error Report (MER) informing NGT of the identification of a metering error which affects one or more LDZs. Operations & Trading then calculate whether the metering error identified represents over 0.1% of the end of day Offtake quantity for any given gas day (Credit or Debit to Shippers). If the error represents less than 0.1% no reconciliation will be made. If the error exceeds 0.1% then an estimate of both total energy and total price will be calculated, based on the figures provided in the MER. Note: this estimate may well change before the reconciliation invoice due to further checking prior to invoice production.

If the total energy for an individual LDZ Reconciliation is less than 50 GWh, and the aggregate LDZ Reconciliation costs do not exceed £1M, the total energy and costs will be calculated and forwarded onto Billing Operations, who will process the adjustment within RbD charges on the next available Reconciliation Invoice. Note: the invoice preparation cycle means that adjustment requests received after the 5<sup>th</sup> working day of the month are included on the invoice to be issued on the 18<sup>th</sup> business day of the following month.

However, should the total energy for an individual LDZ Reconciliation exceed 50 GWh or the aggregate LDZ Reconciliation costs exceed £1M, an e-mail will be sent to Billing Operations detailing the following:

- The LDZ(s) affected by the reconciliation
- The total estimated energy value in GWh
- The total estimated financial value in £m
- The start and end date of the reconciliation
- A brief description of the issue
- An estimate of the invoice processing date

Billing Operations will send this information to all RbD Shippers via the Billing Operations Forum distribution list and to the NT&T RGTA Workstream members giving a minimum of 15 days notice prior to the reconciliation invoice release.