

## **Transco General Notice**

"Amendment of Imbalance Calculations to enable Elective Aggregation of Demand across one or more Shipper ID's"

Version 1.0

### **Transco Commentary on the use of Metered Volume Reallocations (MVRNs) under NETA (as described in representation made by Scottish & Southern Energy)**

#### **Metered Volume Reallocation Notifications (MVRNs)**

SSE has suggested that the Modification Proposal could be facilitated by adopting a similar model to the MVRN arrangements that are used within the electricity regime. However, there are a number of fundamental accounting differences between the gas and electricity energy balancing regimes that need to be recognised that this note describes.

The gas energy balancing regime is underpinned by a number of integrated business processes and systems that have evolved with the development of the regime since the start of Network Code. Whilst Transco feels there may be merit in the alignment of some processes between the two Industries, and it may appear to be a relatively simple undertaking, the accounting differences will require careful consideration.

Transco has considered the MVRN Process information (which SSE provided as an Appendix to their Representation to Modification Proposal 0553) and it has summarised the following key accounting differences which may lead to difficulties in adopting the electricity model.

It is noted that SSE's response has suggested that there is no geographical limitations as imbalances are calculated on accounts and is not locational. Transco wishes to seek clarification on this point as the MVRN Appendix appears to suggest that the reallocations relate specifically to BM units which would suggest they are 'locational', unless of course, the concept of an 'NBP type' BM unit is used within electricity.

#### **a. Energy Balancing Accounts**

Within Electricity, there are two types of accounts which are used for energy balancing purposes. A User may have one or both of these types of account; production and/or supply and for each type of account, there may be a number of BM units to which 'nominations' (IPNs & FPNs), measurements and actual allocations are registered.

Unlike energy balancing within the Gas Industry where there is a single account that 'nets off' both supply and demand where the imbalance is cashed out. In the case of NETA there are effectively two energy imbalance accounts which are netted off (cashed out) separately.

#### **b. Accounting/Logical Meters**

The MVRN process takes place at the BM unit level and cannot be used to change the type of account at which the metered volumes are reallocated i.e. production is reallocated to production, supply to supply. Where multiple users exist at a BM unit, they may assign a

Lead Party the responsibility of re-allocating the metered volumes amongst all the parties at that BM unit.

Effectively, the MVRN process takes place at the BM unit level which is a 'logical' meter rather than a shipper account. Although a BM unit may only be assigned to one type of account, it may, potentially, be associated to many user accounts for example:

<b>BM Unit</b>	<b>--- Party ---</b>	<b>Consumption a/c</b>
BMU001	Lead A	User A
	Sub 2	User B
	Sub 3	User C

#### **c. Demand Forecasts**

Under NETA, neither NGC nor Elexon have an obligation to provide users with equivalent demand forecasts (nominations) or allocations to the LDZ/Exit Zone level.

Transco has a Network Code obligation to provide Users with NDM demand information (nominations / allocations) which is registered at the individual shipper/logical meter level. Transco would therefore argue that any accounting solutions would inevitably interact with its NDM forecasting processes, thus potentially additional accounting complexity.

Whilst the MVRN principles are understood, the application within the gas industry does not appear to be straightforward. For example, metered volume reallocations take place at the BM unit level and may be re-allocated from one party to another on a percentage or fixed volume basis. Transco's logical NDM meter points are shipper specific and to adopt the MVRN model would require a new type of aggregate accounting point. The future introduction of a new accounting point is not insurmountable but it would require significant business process and associated systems (AT-Link) redevelopment and this in itself presents a number of risks.

#### **d. Associated Data/Energy Balancing Considerations**

On the assumption it is possible to introduce a new aggregate accounting point type, there are a number of inter-related business processes/data flows which require consideration, as follows :

##### **i) Nominations and Allocations**

These are recorded against Users AT-Link accounting points and may relate to supply, demand or trade activities. Transco has assumed that although the Modification Proposal relates in the main to NDM meter volume reallocations, there may also be a future requirement to include the reallocation of DM metered volumes.

There are a number of energy balancing processes which, dependent on the meter type, the difference between a users' nomination, measurement and final allocation at a particular meter may lead to charges e.g. scheduling.

Transco is of the view that the individual logical NDM accounting meters (and therefore, the nominations and allocations) could remain on AT-Link with the 'registered' User.

Notwithstanding the meter type, consideration would need to be given to where/when the optimum point is in the energy balancing processes at which demand nominations and allocations should be disaggregated from the 'subsidiary party' and re-aggregated to the 'lead party'.

For example, Transco could continue to generate the individual NDM nominations against the subsidiary party, but it is assumed these would need to be exempt from its Shipper Nominated Imbalance Screen (NB10) but would be included on the lead party's nominated imbalance.

## ii) Energy Imbalance/Cashout Regime

Users can participate in the trading of entry (beach) allocations up to M+15 and are thus provided with a balancing management tool.

The introduction of 'MVRN type' accounting at shipper level will potentially extend this to the demand side and it could give Users the ability to further avoid an imbalance position by providing a mechanism by which to move (counteract) imbalances between AT-Link accounts.

	Supply	Demand	Imbalance	
<b><i>Before reallocation</i></b>				
Agg. System	800	1000	-200	
Shipper A	300	<b>600</b>	<b>-300</b>	-- reallocate <b>300</b> to Shipper C
Shipper B	200	<b>300</b>	<b>-100</b>	-- reallocate <b>100</b> to Shipper C
Shipper C	300	100	+200	
<b><i>After reallocation</i></b>				
Agg. System	800	1000	-200	
Shipper A	300	<b>300</b>	<b>0</b>	--- reallocated
Shipper B	200	<b>200</b>	<b>0</b>	--- reallocated
Shipper C	300	100	-200	--- reallocated