

# The Gas Forum

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# What is the NExA?

## ■ Summary

*Outlines operational and process responsibilities of IGTs and DN Owners regarding the connection and offtake of gas by IGTs from the Distribution Network.*

- Operational Responsibilities include:
  - Network Exit Provisions
  - Connection and Offtake Facilities
  - Operating Procedures
  - Maintenance
  - Emergencies
- Process Responsibilities include:
  - Logical Meter Number Updates
  - Larger NMD Reconciliations
  - AQ Review
  - Shrinkage



# Background

- Gas Forum IGT Workgroup set up 1998
- Market was in infancy - now servicing approximately 700k customers.
- Workgroup has identified problems associated with IGT/DNO/Shipper interaction
- Gas Forum paper submitted to Ofgem and IGTs outlined key issues
- NExA issues given high priority



# Obligations Regarding Shipper Volume Allocations

- **NDM Demand Estimation and Forecasting:**
  - IGTs required to provide Logical Meter Number (LMN) updates each Wednesday of each week or by intervals agreed between IGTs and DN Owners
  - Xoserve obliged to update each LMN within 8 Business Days following receipt
  - Capacity allocations determined in accordance with sum of AQ volumes held by EUC per Shipper
- **Large NDM Reconciliation:**
  - IGTs required to update DN Owners with corrected energy volumes derived from Valid Meter Readings within 30 days of receipt
- **AQ Review:**
  - Requirement for IGTs to perform AQ Review following the same process and timetable as that applied by DN Owners in accordance with the UNC
- **Shrinkage:**
  - IGTs required to as accurately as is reasonably practicably assess whether the Shrinkage Factor accurately reflects Shrinkage and estimate the value of Shrinkage to apply in the following Gas Year

**□ All of these actions are required to ensure accurate costs apportionment and billing by IGTs/DNOs**



# Issues impacting Shipper Volume Allocation

- **NDM Sites:**
  - IGTs not updating LMNs
  - No visibility and transparency of data being updated
- **Larger NDM Sites:**
  - LMN reconciliation volumes not being submitted
  - Availability of data relating to meter readings?
- **AQ Review:**
  - Availability of Meter Readings?
  - Dovetail not possible with DN Owner process
  - Timing and availability of WAALP Data
- **Shrinkage**
  - No visibility of data being submitted

**What are the impacts on Shipper/Supplier costs?**



# Summary of IGT AQ Update Performance presented by xoserve on 6/10/05

IGT SPA Performance										
IGT Co.	Jul-23	Jul-30	08-Jul	Aug-14	Aug-21	Aug-28	03-Sep	10-Sep	SPA Performance to date	Last 4 weeks Performance
<b>A</b>	SPA	SPA	-	SPA	SPA	SPA	SPA	SPA	71	100
<b>B</b>	SPA	SPA	SPA	SPA	-	SPA	SPA	SPA	81	75
<b>C</b>	SPA	SPA	SPA	SPA	SPA	SPA	SPA	SPA	100	100
<b>D</b>	SPA	SPA	SPA	SPA	SPA	SPA	SPA	SPA	98	100
<b>F</b>	NIL	NIL	NIL	-	-	NIL	NIL	NIL	54	75
<b>G</b>	SPA	SPA	SPA	SPA	SPA	SPA	SPA	SPA	100	100
<b>H</b>	SPA	SPA	SPA	SPA	SPA	SPA	SPA	SPA	96	100
<b>I</b>	SPA	SPA	SPA	SPA	SPA	SPA	SPA	SPA	90	100
<b>J</b>	NIL	NIL	-	NIL	NIL	NIL	NIL	NIL	94	100
<b>K</b>	SPA	SPA	SPA	SPA	-	SPA	SPA	SPA	81	75
<b>L</b>	NIL	NIL	-	NIL	SPA	NIL	NIL	NIL	58	100
<b>M</b>	SPA	SPA	-	SPA	SPA	SPA	NIL	NIL	94	100

- **Validation/verification of data submissions does not take place**



# Summary of Acceptances/Rejections

	Apr-03	Oct-03	Apr-04	Oct-04	*01/08/2005
<b>Records Submitted</b>	15,531	18,600	17,374	17,275	15,640
<b>Acceptances</b>	6,251	12,023	12,233	12,655	11,988
<b>Rejects</b>	9,280	6,577	5,141	4,620	<b>**3652</b>
<b>Rejection Rates</b>	59.75%	35.36%	29.59%	26.74%	23.35%
<b>Most Rejections</b>					
<b>1</b>	IGT (B) - 5,016 (62%)	IGT (B) - 5,474 (44%)	IGT (B) - 2,125 (28%)	IGT (B) - 2,233 (37%)	IGT (B) - 1,525 (24%)
<b>2</b>	IGT (F) - 4,095 (93%)	IGT (I) - 950 (24%)	IGT (I) - 1,302 (28%)	IGT (I) - 1,436 (24%)	IGT (I) - 1,270 (31%)
<b>3</b>	IGT (G) - 77 (24%)	IGT (G) - 69 (16%)	IGT (K) - 1,244 (85%)	IGT (G) - 281 (35%)	IGT (K) - 393 (62%)
<b>*Examples of Rejections - August 05</b>					
		<b>Count</b>	<b>Percentage</b>		
A live or pending NDM Meter is present		1579	43.24%		
Maximum CSEP AQ is Exceeded		1164	31.87%		
No change to SP Count or AQ		494	13.53%		
CSEP does not exist		227	6.22%		
Others		188	5.25%		
		<b>**3652</b>	100%		

- **Clear Data quality issues over a variety of themes**
- **Many issues would appear to exist between LDZ/IGT**
- **What are resultant impacts to costs and safety?**



# CSEPS I&C Reconciliation Update

IGT ID No.	Total LMNs	LMNs Received	LMNs Invoiced	LMN Validation	LMNs outstanding and not received	% of LMNs Cleared
1	509	0	0	0	509	0%
2	36	0	0	0	36	0%
3	19	0	0	0	19	0%
4	1	0	0	0	1	0%
5	79	1	1	0	78	1%
6	1301	483	483	0	818	37%
7	1	0	0	0	1	0%
8	77	25	225	0	52	32%
9	149	0	0	0	149	0%
10	2	0	0	0	2	0%
11	114	0	0	0	114	0%
	<b>2288</b>	<b>509</b>	<b>709</b>	<b>0</b>	<b>1779</b>	<b>22%</b>

- No reconciliation of Shipper costs against IGTs or DNO charges
- RbD subject to data inconsistencies
- Do figures suggest that Suppliers not issuing reads or IGTs not holding or processing?





# In summary

- IGT and DN Owners have obligations to:
  - Operate its pipeline system in an efficient and economic manner
  - Bill accurately
  - Promote competition between Shippers and Suppliers

## However -

- CSEP AQ Updates are not being managed in an effective and efficient manner
- Evidence that not all LMN Movements are being updated in an accurate and timely manner
- Larger NDM Reconciliations are not being undertaken in line with NExA requirements
- Risks to Shipper costs as result of energy misallocations
- Risk to RbD requires to be quantified
- Shippers have no say or influence in amending NExA Terms
- Requirement for the reinforcement of NExA obligations within Network Code



# Additional Considerations

- DN Owners apply a £1.20 CSEP Administration Charge to manage the daily operations and invoicing associated with CSEPs – evidence suggests this process is inefficient. Initial charge £10 per Supply Point
- IGTs and DN Owners are neutral and therefore have no incentive to improve process. Are DN Owners aware of issues?
- DN Owners are also impacted – impact on costs and security of supply?
- IGTs claim that the re-negotiation of terms of the NExA has been underway for a number of years? What is the outcome of these discussions?
- CSEP Invoice – CR 12494 implementation not agreed. Does this need to be pursued through UNC Modification?
- IGT AQ Review - Immediate requirement for NExA to be amended to update AQ Table - requires all DN Owners and IGTs to agree. When will this consensus be reached?
- What about Nested CSEPs – reports from IGTs that they receive no AQ Updates from Downstream IGT(s). What additional risks/impacts does this have?



# Way Forward

- Creation of a separate workstream to fully investigate and analyse issues
- Ascertain full affect of defects and inefficiencies
- Ascertain energy and cost implications to RbD
- UNC and IGT Modifications to clearly set out obligations and responsibilities as outlined within NExA
- Requirement to provide transparency and accountability
- Incentives?
- Immediate and comprehensive review of NExA

