

**UNC Workgroup 0693R Minutes
Treatment of kWh error arising from statutory volume-energy
conversion**

Tuesday 28 July 2020

Via Teleconference

Attendees

| | | |
|--|-------|------------------|
| Loraine O'Shaughnessy (Chair) | (LOS) | Joint Office |
| Maitrayee Bhowmick-Jewkes (Secretary) | (MBJ) | Joint Office |
| Andy Clasper | (AC) | Cadent |
| Carl Whitehouse | (CW) | Shell UK |
| David Mitchell | (DM) | SGN |
| Ellie Rogers | (ER) | Xoserve |
| Fiona Cottam | (FC) | Xoserve |
| Jennifer Smith | (JS) | Hudson Energy |
| Kirsty Dudley | (KD) | Eon |
| Lorna Lewin | (LL) | Orsted |
| Mark Bellman | (MB) | ScottishPower |
| Mark Jones | (MJ) | SSE |
| Rhys Kealley | (RK) | British Gas |
| Sallyann Blackett | (SB) | EOn |
| Steven Britton | (SBr) | Cornwall Insight |
| Tom Breckwoldt | (TB) | Gazprom |

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0693/280720>

The Workgroup Report is due to be presented at the UNC Modification Panel by 15 October 2020.

1. Introduction and Status Review

Loraine O'Shaughnessy (LOS) welcomed everyone to the meeting confirming that the meeting was quorate.

1.1. Approval of Minutes (21 April 2020)

LOS advised that FC had recommended a change to the minutes from the previous meeting on point 2.1. The Workgroup accepted and approved these changes.

1.2. Approval of Late Papers

The updated Options Analysis Table and Thermal Energy Regulations papers were submitted late. The Workgroup accepted these.

1.3. Review of Outstanding Actions

Action 0901: Xoserve to provide update on the meter temperature data exercise from the AUG Subcommittee.

Update: Fiona Cottam (FC) confirmed this action will be progressed next month. **Carried Forward.**

Action 0601: Xoserve (FC) to inform the new AUGE Engage Consulting that all UIG related topics would be encompassed within the Distribution Workgroup from August 2020 onwards, following the formal closure of the UIG Workgroup.

Update: FC confirmed she has advised Engage Consulting of the change to UIG meeting arrangements in the future. **Closed.**

Action 0602: Xoserve (FC) to contact the new AUG Subcommittee; Engage Consulting in reference to the Wallace Report findings; the gas and water-cooling properties.

Update: FC confirmed this has been provided to this to Engage Consulting. FC to advise the Workgroup how this will progress at the next meeting. **Carried Forward.**

Action 0603: Xoserve (FC) to re-categorise the Options from feasible perspective and align them to the Thermal Energy Regulations and Energy Balancing.

Update: FC has completed this exercise. **Closed**

Action 0604: All to assess the Options Analysis Table in readiness for further discussion at the meeting on 28 July 2020 and to provide feedback directly to Mark.Bellman@scottishpower.com and fiona.cottam@xoserve.com by Monday 20 July 2020.

Update: FC informed the Workgroup that she had not received any feedback on the Options Table. Mark Bellman (MB) confirmed neither had he. LOS suggested this action should be kept as a rolling action on the agenda to be reviewed every month/ The Workgroup agreed with this view. **Carried Forward.**

Action 0605: ScottishPower (MB) and Xoserve (FC) to produce a 1-page summary of the Thermal Energy Regulations and where they are applied in the existing process.

Update: FC presented the document related to this action (published on the meeting page linked above) to the Workgroup and provided a summary of the findings to the Workgroup. However, both FC and MB advised the Workgroup that it was each members responsibility to satisfy themselves in relation to their obligations in relation to the Thermal Energy Regulations and to check whether the Regulations applied to the existing calculations.

FC advised that she had added a column on the Options Table for alignment to the Regulations and tried to identify how aligned they were for consumer benefits.

LOS noted that this paper completed the action and it could be closed. She asked the Workgroup to review the Regulations to assure themselves of their position. **Closed**

2. Review of updated Options Analysis Table to include Thermal Energy Regulations

FC provided an update on the updated Options Analysis Table, which now includes the Thermal Energy Regulations. She noted the columns now state which ones are new and highlighted the other changes made to the table. LOS confirmed this addressed Action 0603 from last month and it could be closed.

FC took the Workgroup through the amended options and gave a brief overview of the new information/columns that had been added to it.

A detailed discussion followed with the following Options being shortlisted for progression:

- 4 (ii): Add a new LDZ level factor to the volume-to-energy conversion formula to account for the net difference in energy. The factor could be calculated daily using actual LDZ weather
- 5: Amend AUGE process to re-distribute UIG based on estimated impacts of conversion factors (forecast basis)
- 7: Introduce an LDZ level conversion factor (permanent/per year/per month)

- 10: Adjust LDZ daily gas inputs to use standard correction. (Would create energy gains/losses between NTS and LDZs which would need to be funded)
- 11 (New): Daily gas allocations to take account of impact of actual weather on metered gas volumes. Same impacts need to be factored into Reconciliation processes.

The main points to note from the discussion are highlighted below:

- In relation to Option 4(ii), LOS asked if a Modification would be required as per the suggestion in the Options Table. Rhys Kealley (RK) and MB disagreed that a Modification was required. MB suggested that the AUGE calculations may need to be changed. FC added that if a Modification was not raised, the AUG Framework itself may need to be changed.
- Kirsty Dudley (KD) said she was unsure at this time on which options could be shortlisted. FC explained that she would be producing a summary report with final recommendations on the preferred options agreed.
- In relation to Option 5 and 7, FC added this report will also include recommendations on reviewing the AUG Framework and it will include the AUGE 2021 table and the impact of standard conversion factors.

New Action 0701: FC to include AUGE 2021 Table and the impact of standard conversion factors in Options Table and update the Workgroup at the next meeting.

- In relation to Option 11, MB and Sallyann Blackett (SB) discussed the impacts of Gemini on this option. The Workgroup agreed someone with knowledge to determine the options impact on the Gemini system needed to review it.

New Action 0702: FC or MB to discuss the impact of Gemini on Option 11 with Phil Lucas at National Grid.

- There were some differences in opinion in regards to taking Option 11 forward. MB explained to the Workgroup that it was meant to be an enduring correction solution. Louise Hellyer (LH) noted that whilst this option was not aligned with the Thermal Regulations, it could still go ahead.
- KD asked if a ROM would be required for this Request. MB clarified that a ROM is particularly required for identifying impacts to the CDSP systems and he believed a wider impacts report was probably more suitable. He suggested a detailed feasibility options study in the first place. MB noted several questions which should be addressed in such a report.

LOS summarised the discussion and agreements:

- LOS sought clarity about the options that had not been discussed during the meeting and if it was agreed that these would not be progressed further at this stage. MB confirmed that these were not likely to be progressed any further. The Workgroup agreed to state that these options had been analysed and reviewed but they were not being shortlisted. LOS noted that the Workgroup Report will refer to this view and suggested whilst they are not been carried forward, should still be on the Options Analysis to review these further if required at a later stage.

- LOS confirmed that Option 11 will need a more refined description. FC confirmed she would bring this to the next meeting.
- MB suggested a number of questions that should be considered for the feasibility study of the shortlisted options. These are:
 - Overview of the solution (expanded description)
 - What are the benefits
 - Is it a temporary solution, e.g. does it remain after reconciliation or does reconciliation “undo” it
 - Could the solution cope with extreme weather events
 - What is the impact on industry parties’ systems (including CDSP, Shippers, DNs, AUGÉ)
 - What is the impact on Supplier billing (to end consumers)
 - What are the impacts on Energy Balancing processes
 - What is the impact on system operations
 - What is the impact on market operation and wholesale prices
 - Is the solution compliant with the Thermal Energy Regulations
 - What are the likely development lead times
- FC took on board comments made about more detail required on these options, but raised her concern that the Workgroup was requesting quasi ROMs on each option, which Xoserve are unable to deliver. MB clarified that he was not looking for ROMs but felt it was important to identify the wider impacts of each option identified for progression.
- KD suggested that this work may require some collaboration with SPAA as only Shippers are currently aware of the work being doing on this, whilst wider industry parties may have some interest in this.
- LOS suggested this issue being highlighted at CACOP. However, as the solution for this Request is not ready yet, this can be done when the wider feasibility study has been completed.

3. All to have reviewed the Options Analysis Table and provide feedback to FC/MB by 20 July 2020

As captured under item 2 above.

4. Consideration of Potential Solutions / Option

As captured under item 2 above.

5. Next Steps

LOS confirmed the next steps to be:

- Xoserve to do a detailed feasibility study on the options shortlisted by the Workgroup. FC reiterated these were:

4 (ii) Add a new LDZ level factor to the volume-to-energy conversion formula to account for the net difference in energy. The factor could be calculated daily using actual LDZ weather

5 Amend AUGÉ process to re-distribute UIG based on estimated impacts of conversion factors (forecast basis)

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|-----------|---|
| 7 | Introduce an LDZ level conversion factor (permanent/per year/per month) |
| 10 | Adjust LDZ daily gas inputs to use standard correction. (Would create energy gains/losses between NTS and LDZs which would need to be funded) |
| 11 NEW | Daily gas allocations to take account of impact of actual weather on metered gas volumes. Same impacts need to be factored into Reconciliation processes. |

- FC stated that she would carry out further work on these options. KD asked if some extra time would be beneficial, however FC said she would prefer to complete them sooner and advised that this would be available for discussion at the Distribution Workgroup on the 27th August. .
- LOS confirmed the Workgroup would be moving to the Distribution Workgroup, with the next meeting on 27th August and the Workgroup Report is due to be presented to the UNC Modification Panel in October 2020.
- LOS asked FC to reiterate the questions she would review. These were:
 - Overview of the solution (expanded description)
 - What are the benefits
 - Is it a temporary solution, e.g. does it remain after reconciliation or does reconciliation “undo” it
 - Could the solution cope with extreme weather events
 - What is the impact on industry parties’ systems (including CDSP, Shippers, DNs, AUGE)
 - What is the impact on Supplier billing (to end consumers)
 - What are the impacts on Energy Balancing processes
 - What is the impact on system operations
 - What is the impact on market operation and wholesale prices
 - Is the solution compliant with the Thermal Energy Regulations
 - What are the likely development lead times
- FC clarified she would be refining the options shortlisted by the Workgroup and bring them to be reviewed at the next meeting, after which the prioritising work would take place.

6. Any other business

None.

7. Diary Planning

Further details of planned meetings are available at: <https://www.gasgovernance.co.uk/events-calendar/month>

Workgroup meetings will take place as follows:

| Time / Date | Paper Publication Deadline | Venue | Programme |
|------------------------------------|-----------------------------------|--------------------|---|
| 10:30 Tuesday 27 August 2020 | 5pm Monday 19 August 2020 | Via Teleconference | <ul style="list-style-type: none">• Review of the Shortlisted Options and questions• Prioritisation of Options• Development of Request Workgroup Report |

Action Table (as at 16 June 2020)

| Action Ref | Meeting Date | Minute Ref | Action | Owner | Status Update |
|------------|--------------|------------|---|-------------------------------------|-----------------|
| 0901 | 23/09/19 | 2.0 | Xoserve to provide update on the meter temperature data exercise from the AUG Subcommittee. | Xoserve (FC) | Carried Forward |
| 0601 | 16/06/20 | 1.3 | Xoserve (FC) to inform the new Engage Consulting that all UIG related topics would be encompassed within the Distribution Workgroup from August 2020 onwards, following the formal closure of the UIG Workgroup. | Xoserve (FC) | Closed |
| 0602 | 16/06/20 | 1.3 | Xoserve (FC) to contact the new AUGE Engage Consulting in reference to the Wallace Report findings; the gas and water-cooling properties. | Xoserve (FC) | Carried Forward |
| 0603 | 16/06/20 | 2.0 | Xoserve (FC) to re-categorise the Options from feasible perspective and align them to the Thermal Energy Regulations and Energy Balancing. | Xoserve (FC) | Closed |
| 0604 | 16/06/20 | 2.0 | All to assess the Options Analysis Table in readiness for further discussion at the meeting on 28 July 2020 and to provide feedback directly to Mark.Bellman@scottishpower.com and fiona.cottam@xoserve.com by Monday 20 July 2020. | All | Carried Forward |
| 0605 | 16/06/20 | 2.0 | ScottishPower (MB) and Xoserve (FC) to produce a 1-page summary of the Thermal Energy Regulations and where they are applied in the existing process. | ScottishPower (MB) and Xoserve (FC) | Closed |
| 0701 | 28/07/20 | 2.0 | FC to include AUGE 2021 Table and the impact of standard conversion factors in Options Table and update the Workgroup at the next meeting. | Xoserve (FC) | Pending |
| 0702 | 28/07/20 | 2.0 | FC or MB to discuss the impact of Gemini on Option 11 with Phil Lucas at National Grid. | ScottishPower (MB) and Xoserve (FC) | Pending |