



COVID-19 PANDEMIC

Impacts on NDM Allocation, UIG, Reconciliation, AQ
and Transportation Charging

**Updated for use at UNC Distribution
Workgroup 14/04/2020**

Context/Content

- Topic first discussed at March 2020 UNC Distribution Workgroup
- Slides updated slightly, graphs added as an Appendix
- Separate document published with comparison of options for discussion at April 14th meeting

Background

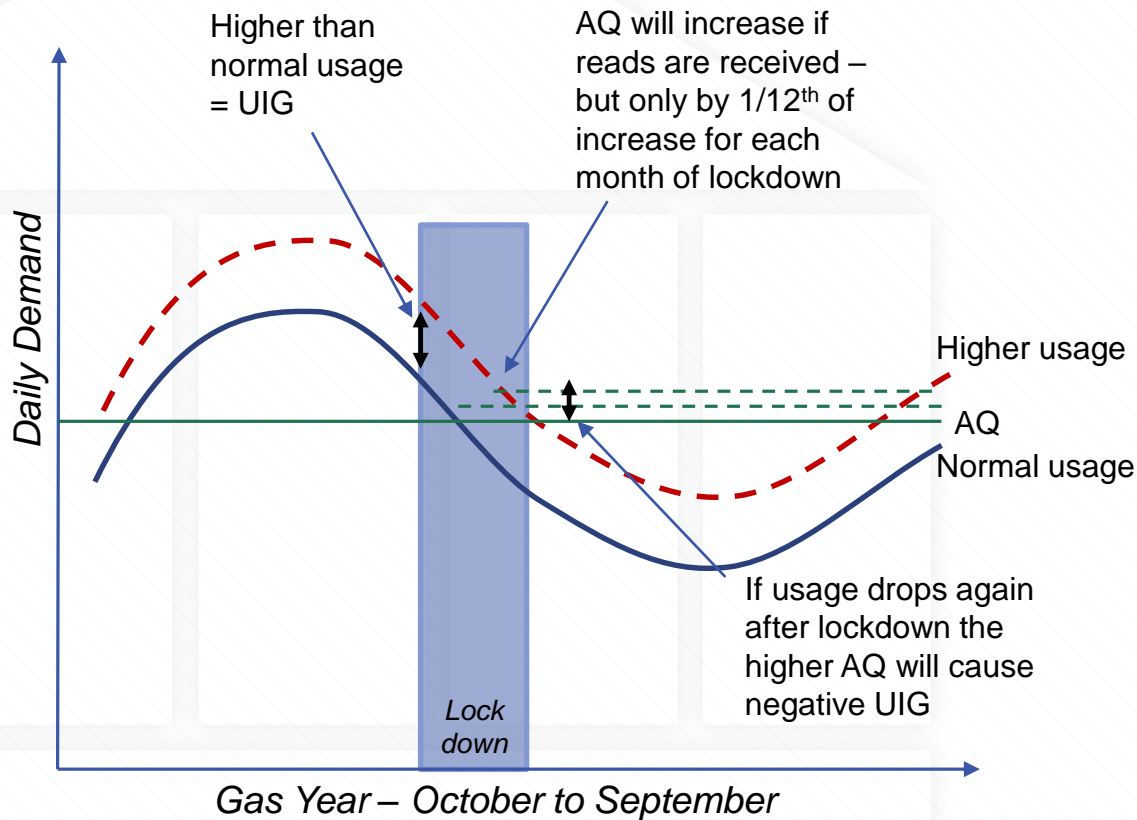
- The current GB lockdown due to the COVID-19 outbreak will have unexpected impacts on:
 - Gas usage at individual sites
 - UIG
 - Meter Read performance and Reconciliation
 - Read Estimation
 - AQ
 - Transportation charges
- These slides set out a high level view of those impacts

Impacted Sectors Considered

- Class 1 and 2 Sites
- Class 3 and 4 Sites – increasing usage (e.g. many Domestic sites)
- Class 3 and 4 Sites – decreasing usage (e.g. many Industrial/Commercial)
- Impacts now detailed in a separate document
- Introduction to NDM impacts on following slides:

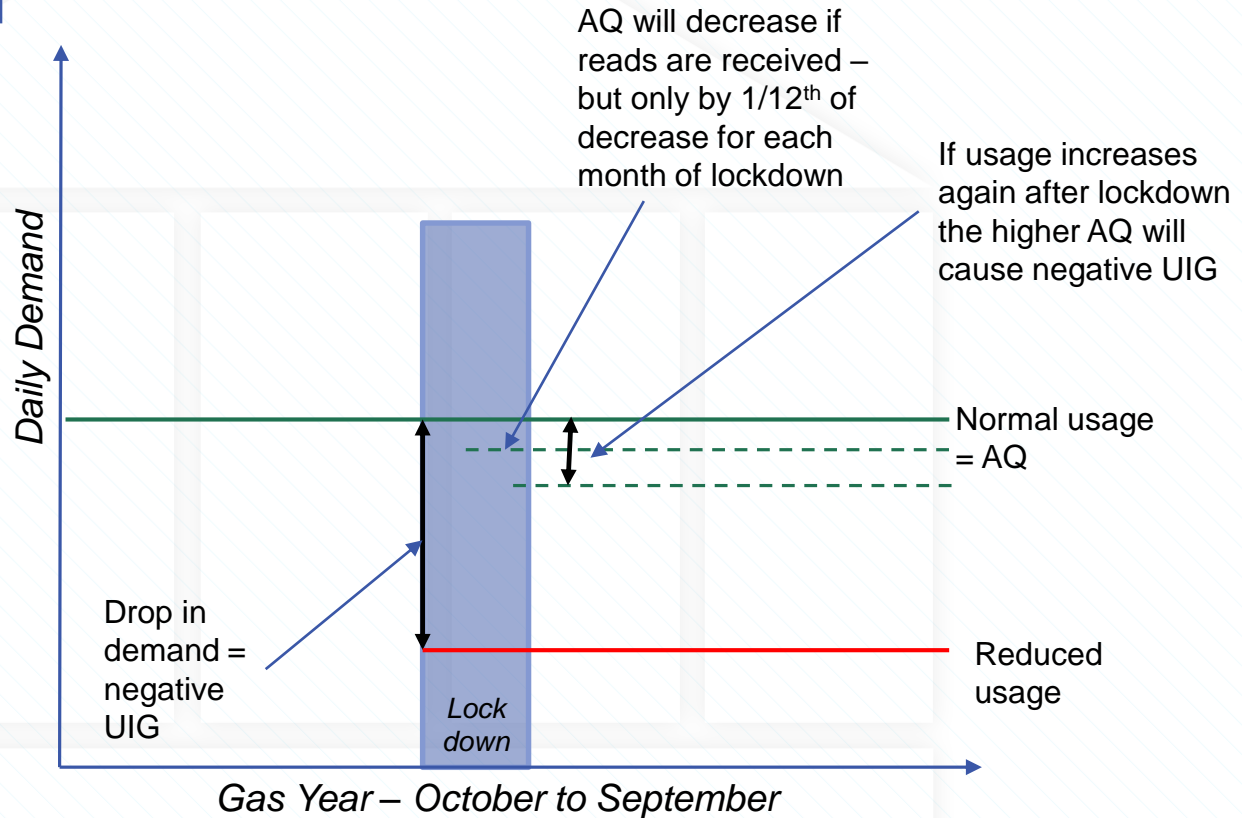
Impacts of step change in NDM demand

- NDM Nominations and Allocation is based on the AQ and the NDM Profiles
- If usage increases suddenly the site will be under-allocated – leading to UIG
- Start date and scale/ direction of change will vary between individual sites
- If reads are received the AQ will increase – in steps if monthly, as it looks for 12 months of consumption
- The steps will go some way to helping with UIG
- When usage returns to normal, the AQ will take time to return to normal in steps – leading to overallocation and negative UIG



Impacts of sudden drop in NDM demand

- NDM Nominations and Allocation is based on the AQ and the NDM Profiles
- If usage drops suddenly the site will be over-allocated – leading to UIG
- Start date and scale/ direction of change will vary between individual sites
- If reads are received the AQ will decrease – in steps if monthly, as it looks for 12 months of consumption
- The steps will go some way to helping with UIG
- When usage returns to normal, the AQ will take time to return to normal – leading to under-allocation and creating (positive) UIG



Options Considered – 1 of 2

- Short Term:
 - Fix the AQ for Class 1 and 2 meter points until ‘back to normal usage’ (*may require monthly manual intervention*)
 - Shippers submit an AQ Correction for sites that meet an agreed criteria (*would also impact Formula Year AQ for 2020-21 and potentially 2021-22*)
 - Set a Fault Flag on affected meters – prevents reads from loading
 - Amendment of the NDM Profiles (e.g. ALPs) to reflect the estimated COVID-19 impacts – *would require industry input on observed impacts*
 - Move the current AQ Backstop date on selected sites to block their AQ calculations (*would require a system data fix*)
 - Shippers submit “zero progression” meter reads each month to reconcile NDM Allocation down to zero (*where actual reads cannot be submitted*)
- *Note: We have not done any detailed impact assessment of these options*
- *We have not identified one solution that addresses all the impacts over all time frames*

Options Considered 2 of 2

- Longer Term – require system/structural change
 - Apply a Formula Year AQ for Class 2 sites
 - Apply a standard transportation rate for all Class 2 sites (e.g. rate for sites above 732,000 kWh)
 - Allow SOQ reductions [for certain sites] all year round (where the AQ has dropped below 732,000 kWh)
 - Introduce a “vacant” flag as in Electricity to cease Allocations
- *Note: We have not done any detailed impact assessment of these options*
- *We have not identified one solution that addresses all the impacts over all time frames*

Discussion of Impacts and Mitigations

- For detailed impact assessment of all Classes, during and after Lockdown – please see supporting document
- Document also analyses effectiveness of different measures which could be used individually or together to address some of the impacts

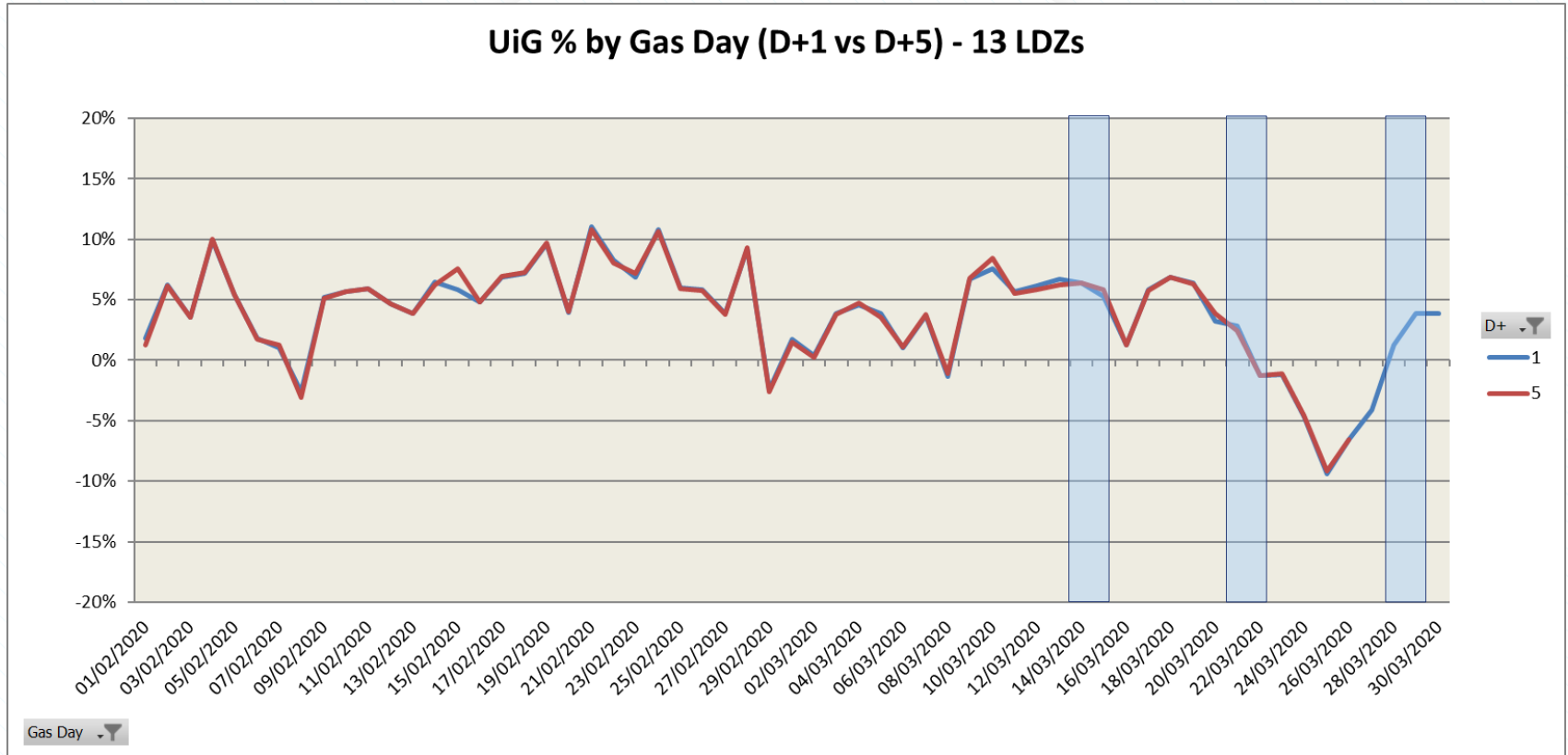
DISCUSSION OF OPTIONS AND PRIORITISATION OF NEXT STEPS



APPENDIX

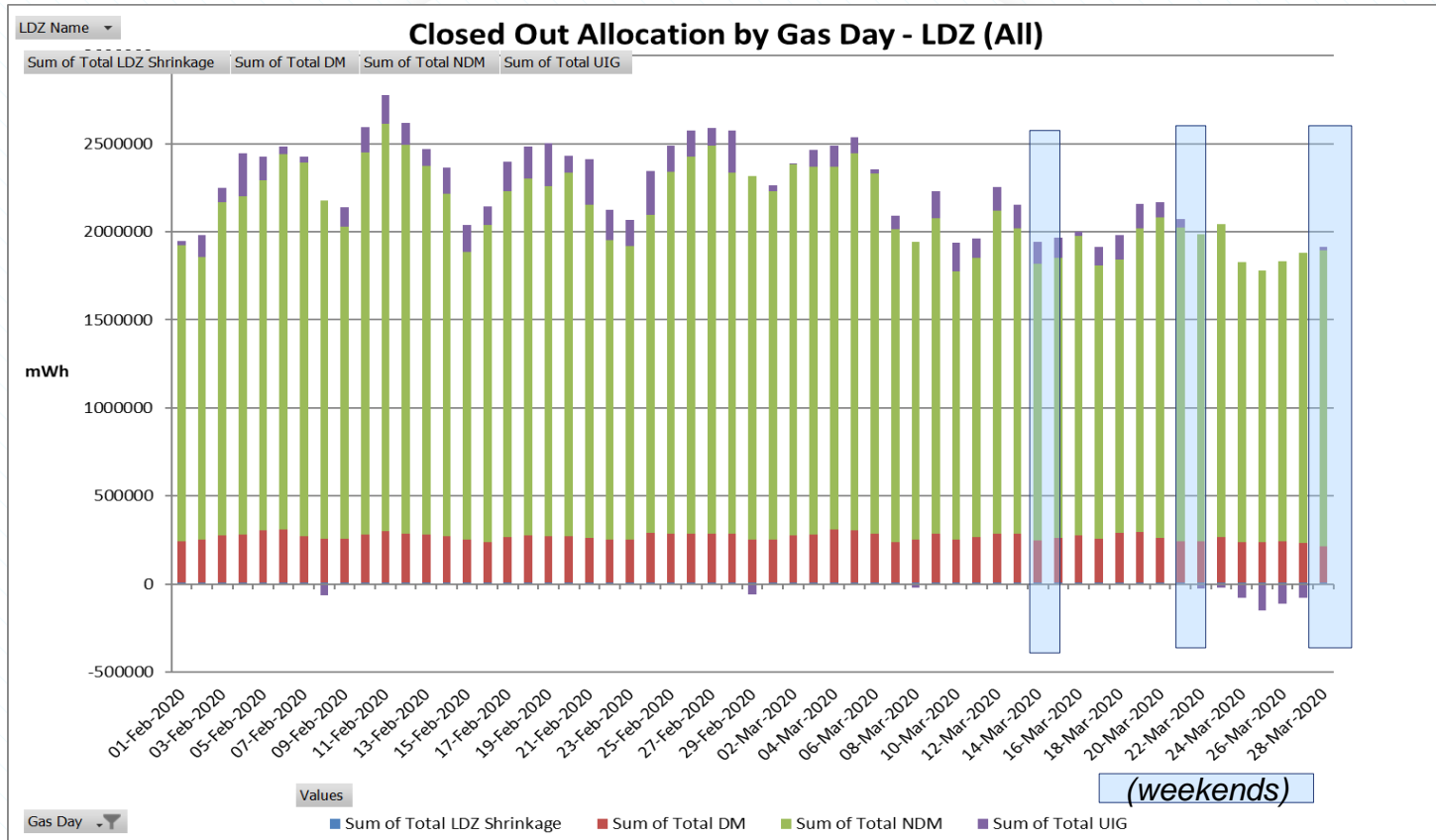
RECENT DEMAND/ UIG TRENDS

National UIG for Last 2 Months – Weekends highlighted¹²

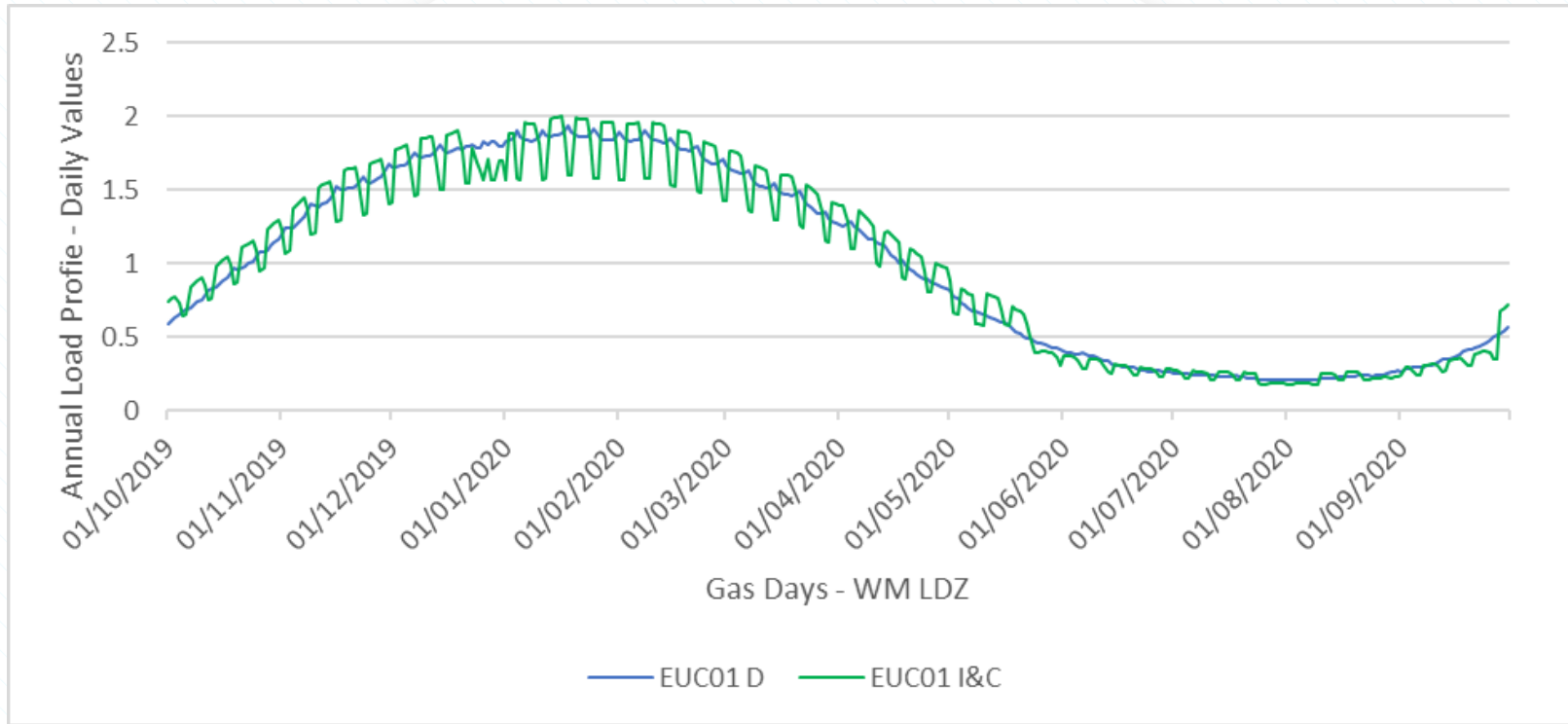


(weekends)

National Allocation for Last 2 Months – Weekends highlighted 13



Example of Domestic v I&C Profiles



The logo for Xserve, featuring a stylized 'X' composed of two overlapping blue shapes, followed by the word 'serve' in a lowercase, sans-serif font. The entire logo is centered within a light gray window frame that is part of a larger house-shaped graphic. The background of the slide has a light blue diagonal line pattern.

xserve