



# **Impacts of LDZ Meter Errors on Settlement and Corrections**

Updated July 2022

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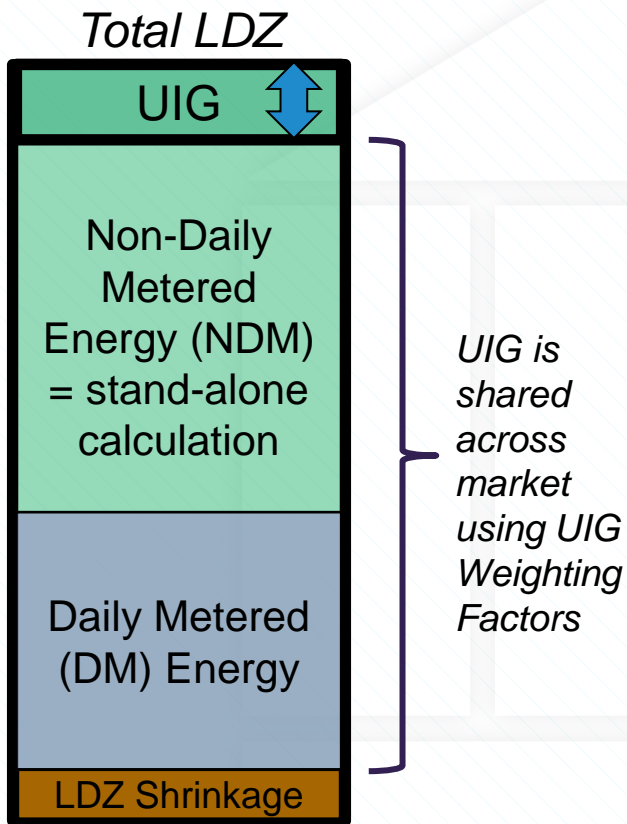
- Background to LDZ Metering Errors
- Impact of Offtake Meter Errors on LDZ Allocation and Settlement
- UIG Impacts and Corrections
- Pricing and UIG Sharing
- Treatment of Amounts owed by failed Shippers

# Background

- Each of the 13 large Local Distribution Zones (LDZs) has multiple input points for resilience from (e.g.)
  - The National Transmission System (NTS)
  - Biomethane sources
  - Embedded Storage
- LDZ input measurements are much more complex than a domestic or small industrial meter – there is often computation involved
- The downstream transporter (i.e. the LDZ Network Operator) is responsible for the metering equipment from the NTS to the LDZ
- Business processes exist for notifying and correcting measurement errors – larger ones are discussed at UNC Offtake Arrangements Workgroup
- <https://www.gasgovernance.co.uk/MER>
- <https://www.gasgovernance.co.uk/OA>

# Daily Energy Allocation in an LDZ

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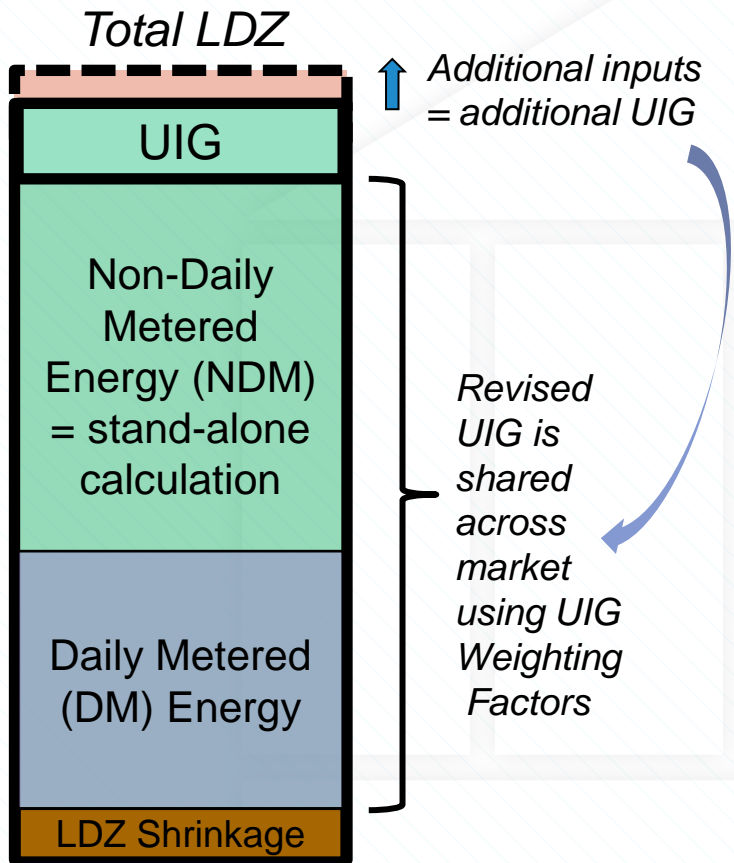


- DM = Class 1 and 2 – *allocated on actuals or estimates based on site usage*
- NDM = Class 3 and 4 – *allocated using NDM Algorithm: uses AQ, End User Category Profiles and actual weather*
- Post-Nexus arrangements: UIG is the daily Balancing Figure in each LDZ
- UIG shared on basis of daily Throughput and Weighting Factors
- AUGE determines Weighting Factors each year for sharing UIG

Next: Impacts of LDZ Offtake Errors

# Impact of an LDZ Measurement Error

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- Identifying extra input energy means extra UIG for the LDZ for those gas days
- DM and NDM usage are not affected – they are not dependent on the total LDZ energy
- AQs are not affected as they are derived from individual site meter readings
- There is no Commodity charge on UIG so DN Commodity revenue does not change

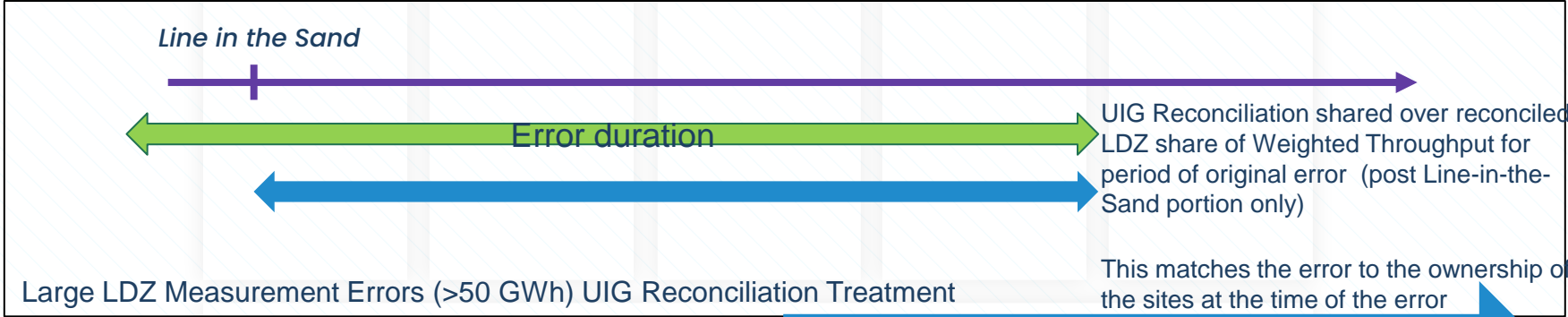
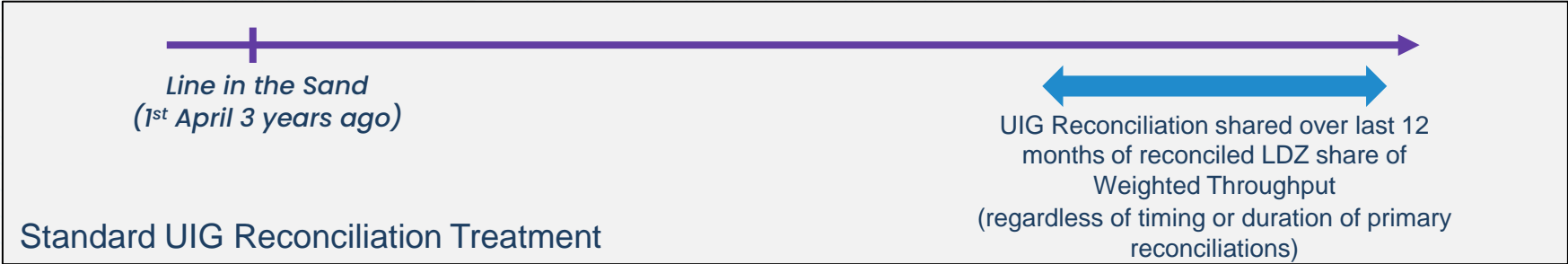
Next: UIG Impacts and Correction

# UIG Impacts and Correction

Error type	National Grid terminology	Impacts and correction
Input meter has <b>under-recorded</b> – extra un-registered gas flowed into the LDZ (e.g. EM009 – Alrewas, EM011 – Thornton Curtis)	Meter has “over-delivered” - extra un-recorded gas flowed into the LDZ	UIG was too low – correction will increase UIG in the LDZ = debit to Shippers
Input meter has <b>over-recorded</b> – less gas flowed into the LDZ than was reported (e.g. SE007 – Isle of Grain)	Meter has “under-delivered” – less gas flowed into the LDZ than was registered	UIG was too high – correction will decrease UIG = credit to Shippers



# UIG Sharing for LDZ Measurement Errors

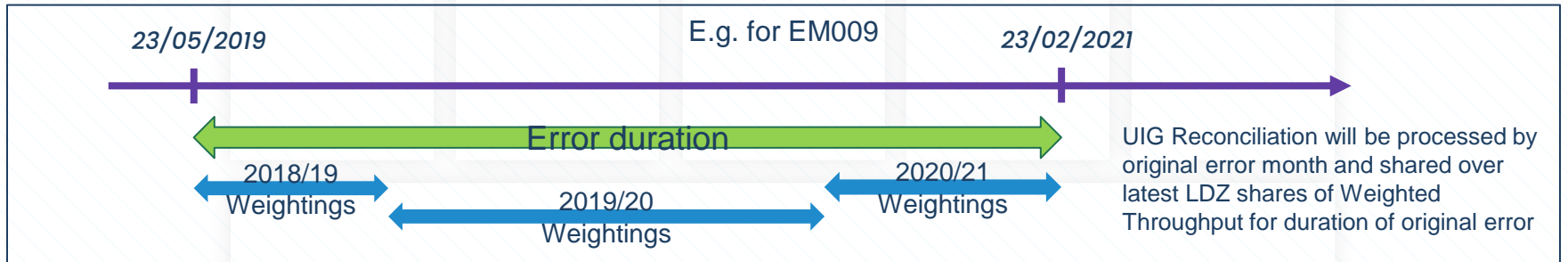


Next: Pricing and Invoicing

# Pricing and Sharing of Large LDZ Measurement Errors

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- Correction is applied to the LDZ of the error only
- NG will use the original daily SAP (System Average Price) for each error day applied to the error quantity for the day
- National Grid will aggregate into monthly energy quantities and financial values for Xoserve
- For large errors (>50 GWh) the error will be shared over the latest (i.e. Post-Reconciliation) monthly Shipper market shares for the effective months of the error
- The original set(s) of UIG Weighting Factors for the period of the error will be applied to weight the updated throughput





# Invoicing of Large LDZ Measurement Errors

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- LDZ measurement error corrections appear on the “next available” Amendment Invoice (AMS) as UIG Reconciliation
- Energy and financial values appear in the K91 record, separate lines for each original billing period and End User Category combination
- Xoserve are unable to provide indicative values until we have received the monthly breakdown from National Grid
- Counter-party is NTS Shrinkage – National Grid NTS have confirmed that NTS Shrinkage is funded by Shippers, so all Shippers will be affected via NTS Commodity pricing at a later date (a UIG debit would reduce NTS Shrinkage and vice versa)

Support for Shippers with the bills

# Support for Shippers with Payment of Bills

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- LDZ Reconciliations consist of energy only (UIG Reconciliation)
- Classed as energy balancing charges and must be paid on the due date (invoice issue date +12 days – or nearest business day)
- Shippers who foresee difficulties paying these charges can contact the Energy Balancing Credit Committee via Joint Office  
( <https://www.gasgovernance.co.uk/ebcc> )

Treatment of Failed Shippers



# Treatment of Failed Shippers

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- Pre-failure portion will be billed to the Administrator of the failed Shipper – any uncollected amounts are recovered through Energy Balancing Neutrality process
- Amount to be recovered depends on the amount of the debt and the amount of security cover
- Amounts are recovered through the Neutrality process and do not appear on the Amendment invoice
- Failed Suppliers – if Shipper is still live, billing will follow normal process to the Shipper(s) at the time of the error



**Thank You**