

Market Differentiation Work Group Scope Document.

Background

Under the auspices of the UNC Project Nexus Workstream, the workgroup was established to explore principles for project Nexus regarding Market Differentiation. (MD) The workgroup debated the issues and various options. This document sets out the results and principles established by the workgroup. These principles can be used to inform debate within subsequent Project Nexus Topic workgroups.

Analysis of the current use of Market Sector Flag has been detailed in Appendix 1.

Principles

The workgroup recommended the population of a robust Market Sector Flag (MSF) based on site usage as defined in the Utilities Act. The MSF is currently populated by two data items; I (Industrial & Commercial) and D (Domestic). The flag is not related to AQ. The MSF may be extended to include additional data items for example, to include small I&C sites. (SMEs) The nature of these data items will require further discussion and definition within the MD workgroup. The workgroup agreed that the use of a robust MSF be offered to other workgroups as a possible differentiator. It will be up to each UNC Topic workgroup to decide whether the MSF is appropriate in their sphere of concern. The workgroups should assume a robust and verifiable MSF.

If the workgroups choose to use the MSF, this is to be fed back to the MD workgroup, who will then further develop the MSF. This would mean reconvening the MD workgroup when all other workgroups are concluded.

Issues

In 2001 it became mandatory to populate the field upon supply point confirmation. This is related to the changes in definition prompted by the Utilities Act changing the Gas Act definition from volume to customer type.

The MSF is not currently in a robust state. Of the 21.5 million supply points in the UK gas industry, just over 7 million don't carry any information at all in the MSF field.

For these reasons a programme of data clean up will be required in order to ensure a robust population.

Some organisations have raised concerns surrounding the population of the MSF field. There is a view from some organisations that the data that is populated may not be accurate, though no specific analysis has been undertaken to identify the scale of the issue at this time.

These issues would need to be addressed by the MD Workgroup.

Appendix 1

Market Sector Flag Analysis

Summary of Analysis

1. 80% of Supply Points where the MSF = 'Blank' are held by 1 Shipper, the remaining 20% is split between 15 Shippers
2. The total AQ of 'Blank' Supply Points = 132,113,445,364 kWh
3. The MSF was made mandatory on 23rd July 2001
4. The latest Confirmation Effective date where MSF = 'Blank' is 31st August 2001 (Conf submitted on 3rd July 2001)
5. In the last 2 months the number of 'Blank' MSF has reduced by 83,800 (approx 40,000 per month), the previous 15 months it reduced by an average 16,600 per month.

Note: all stats are reporting on 'Live' Supply Points as at 27th July 2009

Small Supply Points (SSP)			
Market Sector Code			Total
I&C (I)	Domestic (D)	Other (Blank)	
378,521	13,812,298	7,039,029	21,229,848

Large Supply Points (LSP)			
Market Sector Code			Total
I&C (I)	Domestic (D)	Other (Blank)	
256,054	46,214	24,889	327,157

		Market Sector Flag						
		Total Supply Points	I&C (I)		Domestic (D)		Blank	
Annual Quantity (AQ)	LSP	327,157	256,054	78.3%	46,214	14.1%	24,889	7.6%
		1.5%	40.4%		0.3%		0.4%	
		Cumulative AQ			7,032,223,692 kwh		10,936,261,871 kwh	
	SSP	21,229,848	378,521	1.8%	13,812,298	65.1%	7,039,029	33.2%
		98.5%	59.6%		99.7%		99.6%	
		Cumulative AQ	10,078,224,189 kwh				121,177,183,493 kwh	
	Total SP's		21,557,005	634,575	2.9%	13,858,512	64.3%	7,063,918

Analysis of Market Sector Flag = Blank

Total Supply Points & AQ by Shipper where Market Sector Flag = 'Blank'

Shipper Code	Total No. of Supply Points	Percentage of Supply Points	Total Supply Point AQ	Percentage of AQ
A	3	0.00%	21,518,147	0.02%
B	5,658,646	80.11%	95,317,202,788	72.15%
C	3,561	0.05%	1,502,335,484	1.14%
D	496,271	7.03%	11,073,309,029	8.37%
E	11,445	0.16%	198,882,267	0.15%
F	115	0.00%	1,753,083,129	1.33%
G	345,083	4.89%	6,533,258,758	4.94%
H	146	0.00%	35,191,408	0.03%
I	212,681	3.01%	4,212,333,234	3.19%
J	98,818	1.40%	1,919,110,417	1.45%
K	19	0.00%	710,159	0.00%
L	5	0.00%	11,905,572	0.01%
M	232,751	3.29%	4,673,989,781	3.54%
N	3	0.00%	97,873,167	0.07%
O	4,356	0.06%	1,640,612,097	1.24%
P	15	0.00%	3,122,129,927	2.37%
Total	7,063,918	100.00%	132,113,445,364	100%

Total Supply Points & AQ in SSP Market by Shipper where Market Sector Flag = 'Blank'

Shipper	Total SP by Shipper	% by Shipper	Total AQ by Shipper	% by Shipper
A	1	0.00%	2	0.00%
B	5,649,545	80.26%	94,396,170,316	77.90%
C	1,028	0.01%	37,191,250	0.03%
D	488,679	6.94%	9,605,763,867	7.93%
E	11,413	0.16%	194,062,107	0.16%
F	32	0.00%	1,010,455	0.00%
G	344,398	4.89%	6,313,110,354	5.21%
H	48	0.00%	1,269,428	0.00%
I	212,182	3.01%	4,160,267,054	3.43%
J	98,682	1.40%	1,905,192,631	1.57%
K	17	0.00%	420,633	0.00%
L	3	0.00%	44,072	0.00%
M	231,489	3.29%	4,508,131,617	3.72%
N	1,502	0.02%	54,393,646	0.04%
O	10	0.00%	156,061	0.00%
Total	7,039,029	100.00%	121,177,183,493	100.00%

Total Supply Points & AQ in LSP Market by Shipper where Market Sector Flag = 'Blank'

Shipper Code	Total SP by Shipper	% by Shipper	Total AQ by Shipper	% by Shipper
A	2	0.01%	21,518,145	0.20%
B	9,101	36.57%	921,032,472	8.42%
C	2,533	10.18%	1,465,144,234	13.40%
D	7,592	30.50%	1,467,545,162	13.42%
E	32	0.13%	4,820,160	0.04%
F	83	0.33%	1,752,072,674	16.02%
G	685	2.75%	220,148,404	2.01%
H	98	0.39%	33,921,980	0.31%
I	499	2.00%	52,066,180	0.48%
J	136	0.55%	13,917,786	0.13%
K	2	0.01%	289,526	0.00%
L	2	0.01%	11,861,500	0.11%
M	1,262	5.07%	165,858,164	1.52%
N	3	0.01%	97,873,167	0.89%
O	2,854	11.47%	1,586,218,451	14.50%
P	5	0.02%	3,121,973,866	28.55%
Total	24,889	100.00%	10,936,261,871	100.00%

Total Supply Points & AQ by Shipper in LSP Market where Market Sector Flag = 'D'

Shipper Code	No. of Supply Points	% of Supply Points	Total Supply Point AQ	% of AQ
A	13,828	29.92%	1,672,826,941	23.79%
B	77	0.17%	7,284,696	0.10%
c	464	1.00%	72,517,717	1.03%
D	7,201	15.58%	860,404,202	12.24%
E	1,598	3.46%	187,211,865	2.66%
F	197	0.43%	31,311,694	0.45%
G	7,833	16.95%	1,579,514,373	22.46%
H	2,288	4.95%	271,195,703	3.86%
I	1	0.00%	91,658	0.00%
J	5,161	11.17%	1,052,124,322	14.96%
K	170	0.37%	17,565,889	0.25%
L	4	0.01%	483,175	0.01%
M	5,001	10.82%	457,438,201	6.50%
N	7	0.02%	711,449	0.01%
O	1	0.00%	111,756	0.00%
P	2,346	5.08%	792,259,709	11.27%
Q	36	0.08%	3,524,930	0.05%
R	1	0.00%	25,645,412	0.36%
Grand Total	46,214	100.00%	7,032,223,692	100.00%

Total Supply Points & AQ in SSP Market by Shipper where the Market Sector Flag = 'I'

Shipper Code	Total No. of Supply Points	% of Supply Points	Total Supply Point AQ	% of AQ
A	9,476	2.50%	297,414,700	2.95%
B	2	0.00%	39,847	0.00%
C	3	0.00%	31,312	0.00%
D	170	0.04%	8,052,967	0.08%
E	238,246	62.94%	5,869,622,227	58.24%
F	6,523	1.72%	216,965,596	2.15%
G	71,170	18.80%	2,074,019,873	20.58%
H	19	0.01%	456,549	0.00%
I	2,954	0.78%	100,757,464	1.00%
J	17,381	4.59%	466,622,123	4.63%
K	12	0.00%	219,798	0.00%
L	3,150	0.83%	85,781,605	0.85%
M	1	0.00%	33,533	0.00%
N	680	0.18%	25,855,112	0.26%
O	2	0.00%	5,869	0.00%

Total Supply Points & AQ in SSP Market by Shipper where the Market Sector Flag = 'I' Cont.

Shipper Code	Total No. of Supply Points	% of Supply Points	Total Supply Point AQ	% of AQ
P	6	0.00%	247,624	0.00%
Q	4,483	1.18%	137,328,865	1.36%
R	1,385	0.37%	38,387,894	0.38%
S	9,419	2.49%	272,676,231	2.71%
T	1	0.00%	4,754	0.00%
U	779	0.21%	32,489,321	0.32%
V	11,066	2.92%	409,995,377	4.07%
W	22	0.01%	403,846	0.00%
X	4	0.00%	182,442	0.00%
Y	1,567	0.41%	40,629,260	0.40%
Total	378,521	100.00%	10,078,224,189	100.00%