

Impacts of LDZ Meter Errors on Settlement and Corrections

UNCC October 2021

(Update version of slides presented at Offtake Arrangements Workgroup 29 September 2021)

UNCC Action 0901



Provided by:



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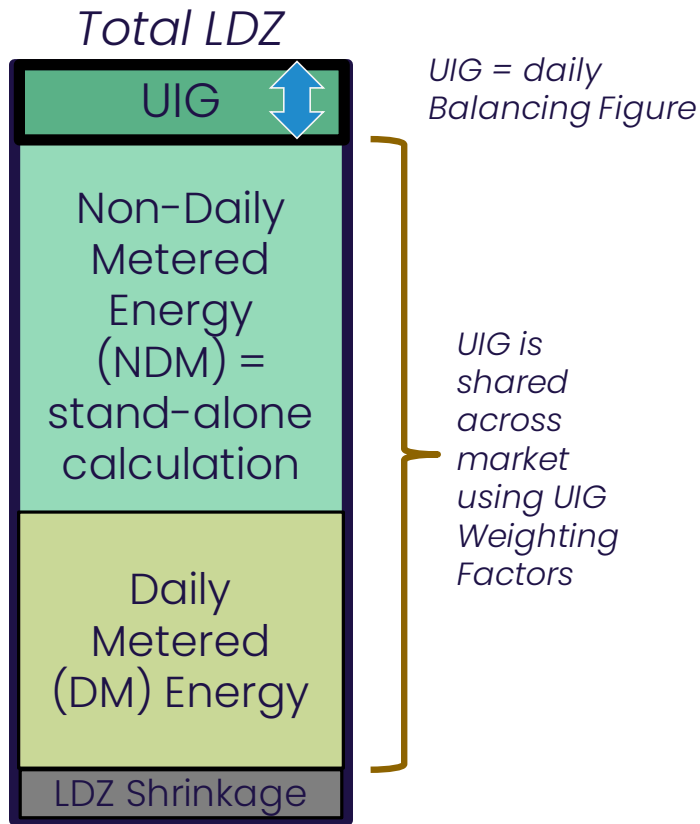
- Background to LDZ Metering Errors
- Impact of Offtake Meter Errors on LDZ Allocation and Settlement
- UIG Impacts and Corrections
- Pricing and UIG Sharing
- Treatment of Amounts owed by failed Shippers
- Indicative Timeline for EM009 (Alrewas error)



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>

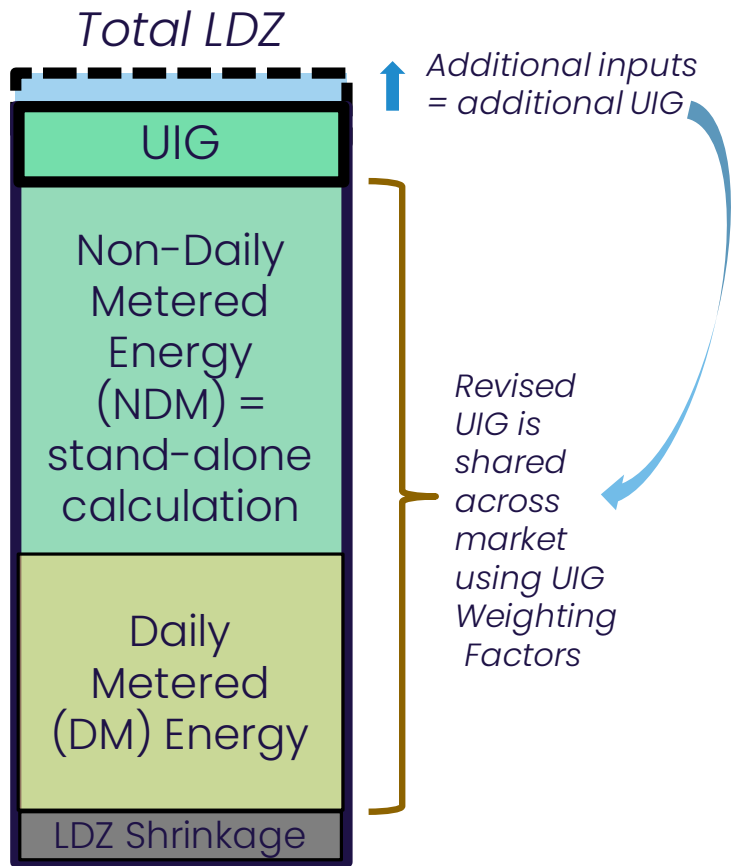
Daily Energy Allocation in an LDZ



- 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



- 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

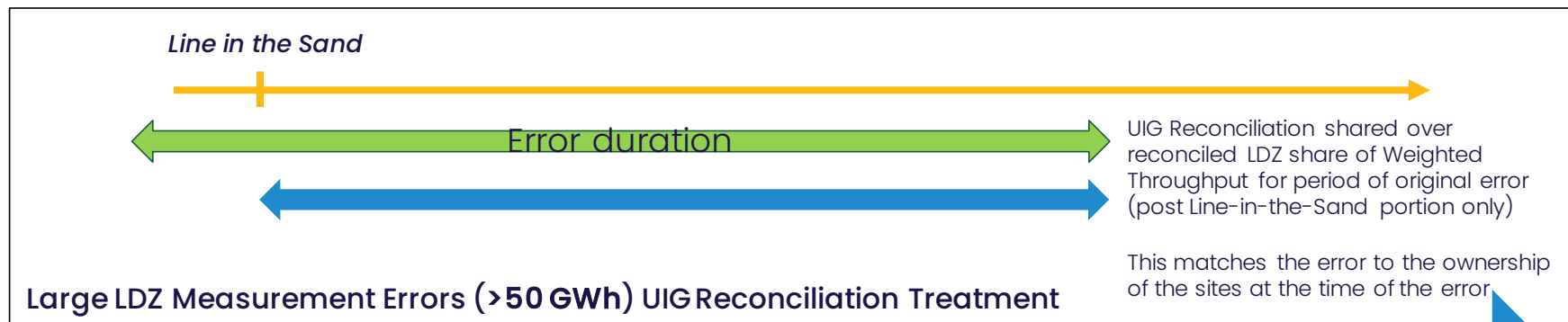
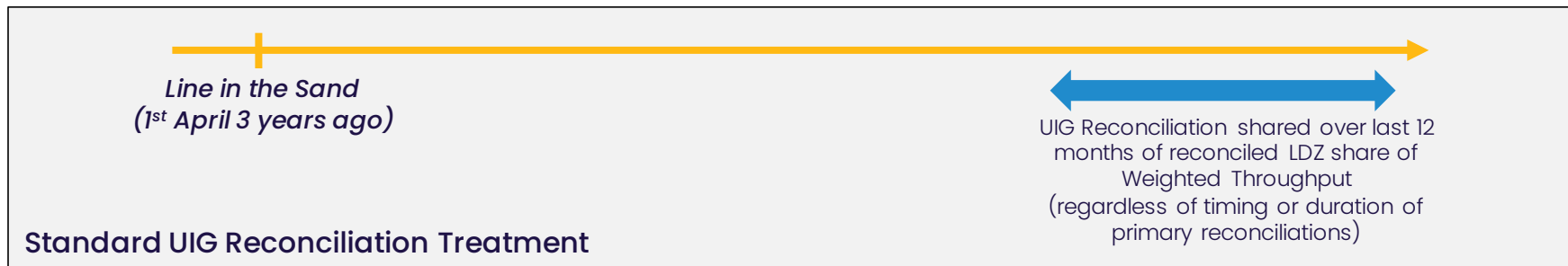
Next: UIG Impacts and Correction

UIG Impacts and Correction

Error type	National Grid terminology	Impacts and correction
Input meter has under-recorded – extra un-registered gas flowed into the LDZ (e.g. EM009 – Alrewas)	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 over-recorded – 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

Next: UIG Sharing

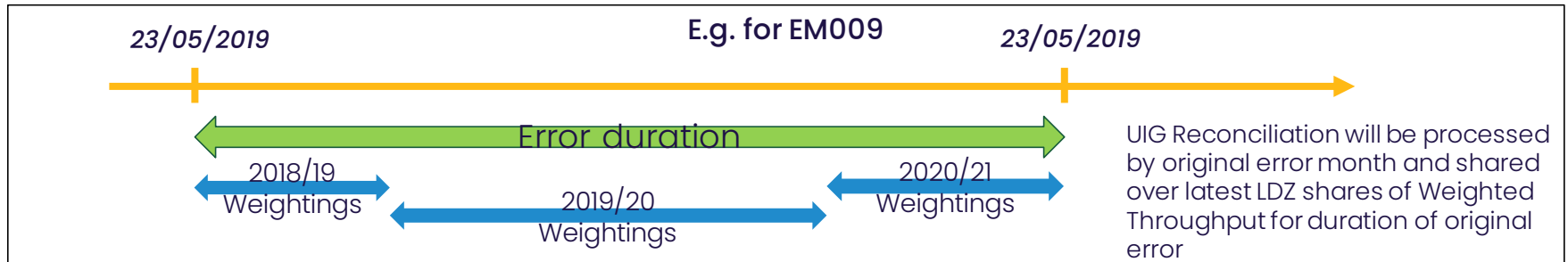
UIG Sharing for LDZ Measurement Errors



Next: Pricing and Invoicing

Pricing and Sharing of Large LDZ Measurement Errors

- 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
 - E.g. for EM009 (Alrewas) reconciliation period will be 23/05/2019 to 23/02/2021
- 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

- LDZ measurement error corrections appear on the “next available” Amendment Invoice 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/Correla are unable to provide indicative values until we have received the monthly breakdown from National Grid
- We have committed to provide those indicative values for EM009 prior to invoice issue – timing is dependent on completion of the Independent Technical Expert process
- 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*)



Treatment of Failed Shippers

Treatment of Failed Shippers

- 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



Next: Revised Alrewas timeline

Alrewas Meter Error – Revised Indicative timeline

- Timeline presented at August 2021 meeting is now superseded
- Requirement for a second Independent Technical Expert (ITE) will add c. 4 months delay – depending on scope of the ITE's work, availability etc
- Correla/Xoserve can provide indicative values – once we have the final energy and financial values
- Revised timeline based on a **six-month delay** (*updated following discussion at 29/09/21 Offtake Arrangements Workgroup*) – **estimated dates at present**
- Amendment invoice issued on 18th Business Day of each month

Task	Original end date	<i>Indicative end date with second ITE</i>	Owner
Appointment of second ITE	N/A	29/09/2021	Cadent
Meter Error Report creation	27/09/2021	28/03/2022	Cadent
Workgroup meeting with ITE to present final report.	27/09/2021	13/04/2022	Cadent
Any minor amendments required following presentation of report.	01/10/2021	27/04/2022	Cadent
Preparation of reconciliation request	12/10/2021	29/04/2022	National Grid
DoA Sign Off for reconciliation	15/10/2021	04/05/2022	National Grid
Analysis of final data to provide indicative charges for shippers	05/11/2021	11/05/2022	Correla/Xoserve
Indicative charges provided to shippers	08/11/2021	13/05/2022	Correla/Xoserve
Amendment Invoice issued containing the Alrewas SMER UGR Charges	24/11/2021	26/05/2022	Correla/Xoserve

Thank you

