



Review Group 178 Outputs – Transporter Views

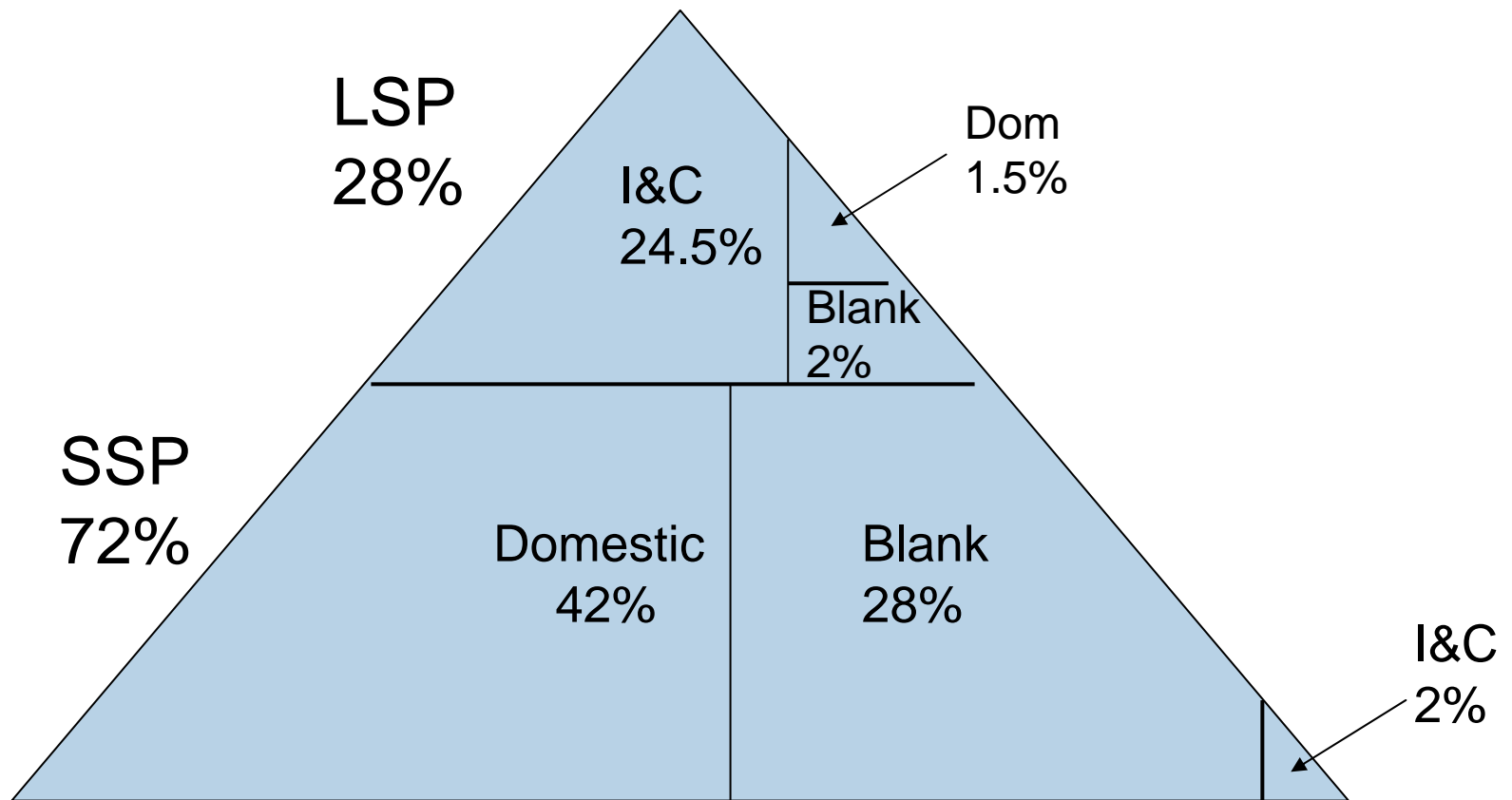
DESC 2nd June 2008

Summary of E.ON Proposal

- New “I&C” EUC for SSP sites flagged as I&C
- New “Domestic” EUC for LSP sites flagged as Domestic
- EUCs to be assigned based on Market Sector Flag

- Updated numbers as at April 2008
 - 373,000 “I&C” flagged SSPs
 - 53,000 “Domestic” flagged LSPs

NDM Market as at November 2007 (% of Total AQ)



Transporter views

- Materiality?
 - I&C SSPs account for 2.7% of total SSP AQ, 1.9% of total NDM AQ
 - Domestic LSPs subject to Meter Point Rec
- Reliability of data – Market Sector Flag?
 - 39% of NDM sites unflagged (8 million sites)
 - No validation or review processes
 - Lack of guidance on definitions
- Impact on principles of RbD?
 - Key premise of RbD is that all SSPs are homogenous and have been allocated energy on the same basis – reconciliation energy can also be apportioned on that basis – proposal undermines this premise

Additional Considerations

- NDM Algorithm analysis shows that better results are achieved using Domestics only in Band 1 – less SF volatility
- Impact on NDM Sample sizes
 - Insufficient I&C SSPs and Domestic LSPs to develop separate models at LDZ level
 - However, could use Band 1 data for Domestic LSPs and Band 2 data for I&C SSPs
- System change required
 - AQ processes to reference MSF when assigning EUC
 - Automatic EUC update and Shipper notification on change of MSF?
- Time lag between change of use and update flow, between file flow and EUC change – impact on allocation?

Transporter Recommendations

- Extend the “Best Estimate” analysis performed in Autumn and presented in January to review the differences between Domestic and I&C allocation
- Consider options, impact and benefits further as part of Project Nexus Consultation (UKLink Replacement)