

# UNC 0831A:

Mod Title: Allocation of LDZ UIG to Shippers  
(Class 3 and 4) Based on a Straight Throughput  
Method



Proposer: Dan Stenson

Panel Date: 16<sup>th</sup> March 2023

# Why change?



- Inconsistent analysis between multiple AUGE's and widely differing industry view; it is clear that allocating UiG to specific customer types in an accurate way is not possible.
- Given the above, a "Polluter Pays" approach is ineffective.
- UiG is a cost ultimately paid for by the customer, the current AUGE process does nothing to incentivise reduction in UiG, lessen volatility, stabilise AUGE weighting factors or improve NDM algorithm performance

# Options



- Review Group 0781R looked at a number of options to amend the UIG allocation methodology
- The favoured option was a throughput allocation method
- The 0781R Workgroup Report stated that a UNC modification was required to implement this solution

# Solution



- Viewing 'UiG levels' as 'model error' and 'UiG cost' as a way to incentivise industry will allow UiG to be handled more effectively.
- Combining that view with the removal of UiG from daily read customers will enable a more effective allocation method that:
  - Reduces overall levels of UiG.
  - Reduces volatility.
  - Encourages more frequent meter reads.
  - Improves data availability for industry.
  - Reduces risk premiums for customers.
  - Eliminates the AUGE cost.
  - Reduces meeting / panel / implementation time.
  - Reduces customer bills.
  - Enables future industry opportunities through less 'noise', more data and less volatility.

# Is this Modification an Alternative?



- Has the proposed alternative been raised promptly, given the timescales for the original Modification and any subsequent amendment to the original Modification?
  - Yes – this was discussed at Distribution Workgroup and an alternative was suggested (31<sup>st</sup> Jan) – I have also kept Mark Jones (Original modification proposer) and Ellie Rogers (Xoserve) in the loop with the alternative throughout.
- How much alignment is there between the two timescales?
  - Identical
- How much alignment is there between the scope/features? Is the proposed alternative addressing the same issue with a different approach?
  - The approach is identical with very minor changes, the same issue is addressed with additional benefits.
- Could the two solutions be implemented together or are they mutually exclusive?
  - Mutually Exclusive
- Where has discussion of the alternative solution taken place? (For example, in the relevant workgroup, offline with the proposer of the original Modification and/or as a pre-modification)
  - It has been discussed at distribution workgroup, Demand Estimation Sub Committee, Mark Jones (Original Proposer), Ellie Rogers (xoserve) and ICoSS.
- What will be the effect on production of Legal Text for the Modifications concerned?
  - The legal text remains the same with a different weighting table.

# Recommended Steps



- The Proposer recommends that this modification should be:
  - Treated as an Alternative to Modification 0831 and should proceed as such under the same timetable as Modification 0831.



*Document Control to be removed upon completion of the template.*

## Document Control Sheet

<b>Document ID</b>	<b>Title</b>	<b>Publication Date</b>
Mod Presentation Template	Mod Presentation Template	
<b>Version</b>	<b>Prepared by</b>	<b>Date Prepared</b>
2.0	Helen Cuin	16 September 2020
<b>Effective Date</b>	<b>Reviewed by</b>	<b>Date Reviewed</b>
16 September 2020	Helen Cuin	14 October 2021
	<b>Approved by</b>	<b>Date Approved</b>
	TBC	TBC

## Revision History

<b>Version</b>	<b>Date</b>	<b>Review frequency</b>	<b>Reason for update</b>
2.0	16 September 2020	TBC	Document Control Added