

November 2022 Risk update

V0.1

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Gemserve

NOVEMBER OBSERVATIONS

- 9 risks to cover this month. 7 Read performance risks and 2 updates carried forward from last month relating to Standard Correction Factor <732,000 kWh and AQ Corrections
- New Risk proposed for PAC approval
- Over the last year there have been some significant shifts between Product Classes and read frequencies which have impacted the Values at Risk and in some cases by high (+/-) percentages. This has been mainly due to the implementation of a modification (UNC 0692S - Automatic updates to Meter Read Frequency) and Shippers' strategic approach.
- We anticipate the implementation of UNC 0664VVS (Transfer of Sites with Low Valid Meter Reading Submission Performance from Classes 2 and 3 into Class 4) will similarly impact the stability of meter reading performance statistics. We therefore propose to monitor this more closely going forwards until the data stabilises.

PC3 READS

- ↑ • **137% increase** in Value at Risk over 2021-22.

Est VAR – Sept 2021 (GWh)	Est VAR – Sept 2022 (GWh)
Average	Average
~128	~304

- Read performance across the year has decreased by about 10% (88.5% to 78.2%) and the average number of sites has increased (3.7m to 4.7m) whilst the average AQ of the sites is static. The drop in read performance combined with the large increase in the volume of sites within PC3 is reflected in the increase in energy impact of the risk

- ↑ • Risk rating has gone up from 3 to 4 (Higher priority).

- **PAFA Recommendation:** PAFA is proposing to closely monitor read performance in respect of PC3 Supply Points due to the ongoing increase in the volume of sites within this category. Review at next refresh point (February 2023)

PC4 MONTHLY READS



- **106% increase** in Value at Risk across 2021-22.

Est VAR – Aug 2021 (GWh)	Est VAR – Aug 2022 (GWh)
Most Likely	Most Likely
~331	~682

- Read performance across the year has remained the same (72%), the average number of sites has vastly increased (83k to 5.9m) due to the implementation of UNC MOD 692S and the AQ of the sites has doubled (75TWh to 154TWh) of which is reflected in the increase in energy impact of the risk



- Risk rating in register remains a 5 (Highest priority).

- **PAFA Recommendation:** PAFA is proposing to closely monitor read performance in respect of PC4(M) SPs due to the ongoing increase in the volume of sites within this category. PAFA will also review open Shipper PIPs to understand the impact of UNC MOD 692S implementation. Review at next refresh point (February 2023)

PC4 ANNUAL READS



- **30% decrease** in Value at Risk across 2021-22.

Est VAR – Aug 2021 (GWh)	Est VAR – Aug 2022 (GWh)
Most Likely	Most Likely
~1,648	~1,161

- Read performance across the year has decreased by 1% (88% to 87%), number of sites (20.9m to 14.2m) has fallen sharply and the associated AQ (304TWh to 195TWh) has decreased significantly which is reflective in the decrease in energy impact of the risk



- Risk rating in register remains 5 (Highest priority).

- **PAFA Recommendation;** No immediate actions required as volume of Supply Points within this category continue to decrease. Review at next refresh point (February 2023)

AMR MONTHLY READS



- **3% increase** in Value at Risk across 2021-22.

Est VAR – Feb 2021 (GWh)	Est VAR – Feb 2022 (GWh)
Most Likely	Most Likely
~132	~155

- Read performance across the period has improved by about 3% (85% to 88%) and the average AQ of sites has increased by 29% (41TWh to 52TWh) which is reflective in the increase in energy impact of the risk
- Risk rating in register remains 3 (Medium priority). Joint risk covering all AMR data provisions.
- **PAFA Recommendation;** No immediate actions required at this juncture, read performance trend has been positive since the beginning of 2022. Review at next refresh point (February 2023)



AMR ANNUAL READS



- **98% decrease** in Value at Risk across 2021-22.

Est VAR – Aug 2021 (GWh)	Est VAR – Aug 2022 (GWh)
Most Likely	Most Likely
~8	~0.1

- Read performance across the year has dropped about 2% (96.4% to 94.8%) and the average AQ of sites has decreased by 99% (5TWh to 72GWh) as the majority of AMR Supply Points are contained within the monthly read bracket which is reflected in the decrease in energy impact of the risk
- Risk rating in register remains 3 (Medium priority). Joint risk covering all AMR data provisions.
- **PAFA Recommendation**; No immediate actions required at this juncture, read performance trend has shown only minor fluctuations (1% - 2% difference) month on month and Value at Risk (VAR) level has decreased significantly. Review at next refresh point (February 2023)

REJECTED READS PC4M



- **96% decrease** in Value at Risk across 2021-22.

Est VAR – Aug 2021(GWh)	Est VAR – Aug 2022(GWh)
Most Likely	Most Likely
~42	~1

- The percentage of rejected reads across the period has decreased by about 3.5% (3.6% to 0.05%). Number of MPRNs in PC4M bracket has increased by 6m from July 2021, this results in a significant step change in the level of reads being accepted while the rejected reads level remains of a similar level
- The net affect of the above is reflected in the decrease in energy impact of the risk



- Risk rating in register remains 3 (Medium priority). Joint risk with PC4A.
- **PAFA Recommendation;** No immediate actions required due to significant reduction in Value at Risk (VAR) level. Review at next refresh point (February 2023)

REJECTED READS PC4A



- **19% decrease** in Value at Risk across 2021-22.

Est VAR – Aug 2021(GWh)	Est VAR – Aug 2022 GWh)
Most Likely	Most Likely
~286	~222

- The percentage of rejected reads across the period has increased by about 0.4% (1.95% to 2.34%) and site AQs have dropped significantly (304TWh to 195TWh) which is reflective in the decrease in energy impact of the risk



- Risk rating in register remains 3 (Medium priority). Joint risk with PC4M.

- **PAFA Recommendation;** No immediate actions required due to reduction in Value at Risk (VAR) level. Review at next refresh point (February 2023)

CORRECTION FACTOR < 732,000



- **52% increase** in Value at Risk across 2021-22.

Est VAR – Oct 2021 (GWh)	Est VAR – Oct 2022 (GWh)
Most Likely	Most Likely
~6	~10

- There has been a decrease of 11% (85,162 kWh to 76,122 kWh) in the average AQ of sites however this is offset by an increase in the volume of sites whereby a non-standard correction factor is applied without a convertor fitter (3,473 to 5,899) of which is reflected in the increase in energy impact of the risk



- Risk rating in register remains 1 (Lowest priority).

- **PAFA Recommendation**; Low risk rating. No PAC action at this time. Review at next refresh point (April 2023)

AQ CORRECTIONS



- **4.63% decrease** in Value at Risk across 2021-22.

Est VAR – Oct 2021 (GWh)	Est VAR – Oct 2022 (GWh)
Most Likely	Most Likely
~257	~245

- Over the period Oct 21 – Oct 22 there has been a steady rise in AQ Correction submissions with a Reason Code of 'Change in Consumers Plant' (02) peaking at 3,835 submissions in Oct 22
- Within the same period there has been a notable decrease in AQ Correction submissions with a Reason Code of 'Commencement of a new business activity' (03), peak of 165 submissions in Dec 21 down to 2 submissions in Oct 22
- Data indicates that AQ values have generally been amended to a lower level via AQ Correction submissions however there have been spikes seen in certain calendar months whereby overall AQ values have increased as a whole



- Risk rating in register has reduced to 4 (High priority).
- **PAFA Recommendation;** Propose that AQ Correction PAFA monitoring continues on a monthly basis. Next Risk review point is May 23

PACR031 (ISOLATED SUPPLY POINTS)

Risk number	PACR031				Relevant UNC obligations and/or references
Title	Isolated Supply Points with progressive reads				TRANSPORTATION PRINCIPAL DOCUMENT SECTION G – SUPPLY POINTS
Description	Supply Points registered to a Gas Shipper portfolio of which have an associated isolation flag indicator whereby meter reading data submissions have been made by the Gas Shipper potentially indicating gas consumption at the site				2.3.12 Where a Supply Meter Point is Isolated the value of the Annual Quantity for that Supply Meter Point shall continue to be the value as determined at the date of Isolation, until and unless the Supply Meter Point is Re-established. 2.3.13 Where an Isolated Supply Meter Point is Re-established, for the purposes of calculating the Annual Quantity in each subsequent AQ Calculation Month, Days on which the Supply Meter Point was Isolated: (a) shall be disregarded in determining the target date under paragraph 2.3.7(b); (b) shall be excluded from the AQ Metered Period for the purposes of the calculation under Section H3.2.
There is a risk that	Gas is potentially being consumed (as indicated by Shipper meter reading submissions) at a supply point flagged as isolated on CDSP systems. Under these circumstances: 1/ Meter readings are automatically rejected by the CDSP due to the presence of an isolation flag 2/ Relevant AQ & SOQ values remain as at the point of isolation 3/ No readings are passed into settlement and therefore offtake reconciliation 4/ Gas is potentially being consumed of which is not reconciled therefore adding to overall UIG risk				See also: Section 7 (ISOLATION): Section 7.1 (General) Section 7.2 (Effect of Isolation) Section 7.3 (Isolation request) Section 7.5 (Disablement of Supply) Section 7.6 (Shipper User verification of Supply Meter Point Isolations)
Risk Effective from	TBC				
Last Updated					
RAG	TBC				
Category	Unattributed				
Risk Status	TBC				
	Minimum	Most Likely	Maximum	Comment	
Estimated AQ / energy					
Related Reporting	xoserve (CDSP) has provided report updates to PAC				

Background	Recent and upcoming related industry activity
<p>AUGE identified 6,794 Isolated Sites where progressing reads were submitted which would indicate the site is consuming gas and Isolation Flag needs to be updated (progressing reads on isolated sites are rejected).</p> <p>AUG sub committee actioned AUGE to highlight these sites to PAC as a Performance Issue. PAC have been monitoring and recommending additional actions to resolve the issue.</p> <p>Correla have been managing these actions and providing updates to PAC on a monthly basis since February 2022</p>	<p>UNC Modification 723 (Use of the Isolation Flag to identify sites with abnormal load reduction during COVID-19 period)</p> <p>This UNC Modification provided the ability for an isolation flag to be utilised for a volume of supply points under specific circumstances due to the COVID-19 pandemic and subsequent business inactivity</p>
	<p>Recent PAC activity / mitigating actions</p> <p>Industry and PAC mitigation</p> <p>PAC References: PAC1106 - Class 1 Isolations PAC0206 - Isolated Sites with Progressive Reads PAC Action 0903 - Isolated MPRs (AQ at Risk)</p>
<p>Relevant figures</p> <p>1,532 Supply Points identified as at October 2022</p> <p>AQ at Risk position as at October 2022: 1/ Total AQ of all remaining Isolations with progressive reads is 19GWh. Highest MPR AQ is 396,000 kWh AQ at Risk against total industry AQ (502 GWh) is 0.004%</p>	<p>xoserve/Correla has been working with individual Shippers to improve the overall Isolated Supply Point position and overall volumes (and therefore AQ at Risk) have substantially reduced from the original 6.7k to circa 1.5k as at October 2022. xoserve/Correla is continuing to work with Shippers to further reduce the volume of Isolated Supply Points whereby progressive meter readings are being received from the registered Shipper User.</p> <p>Regular updates are provided to PAC in the form of presentation material containing updated statistics and relevant actions that have been undertaken and those to be undertaken going forward.</p>
	<p>PARR Reporting</p> <p>No current PARR report exists to provide data in respect of Isolated Supply Points with progressive reads</p>

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