

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

The logo for Xserve, featuring a stylized 'X' composed of blue and light blue geometric shapes followed by the word 'serve' in a light blue sans-serif font.

Provided by:

The logo for Correl, consisting of two overlapping circles, one blue and one yellow, followed by the word 'correla' in a dark blue sans-serif font.

correla

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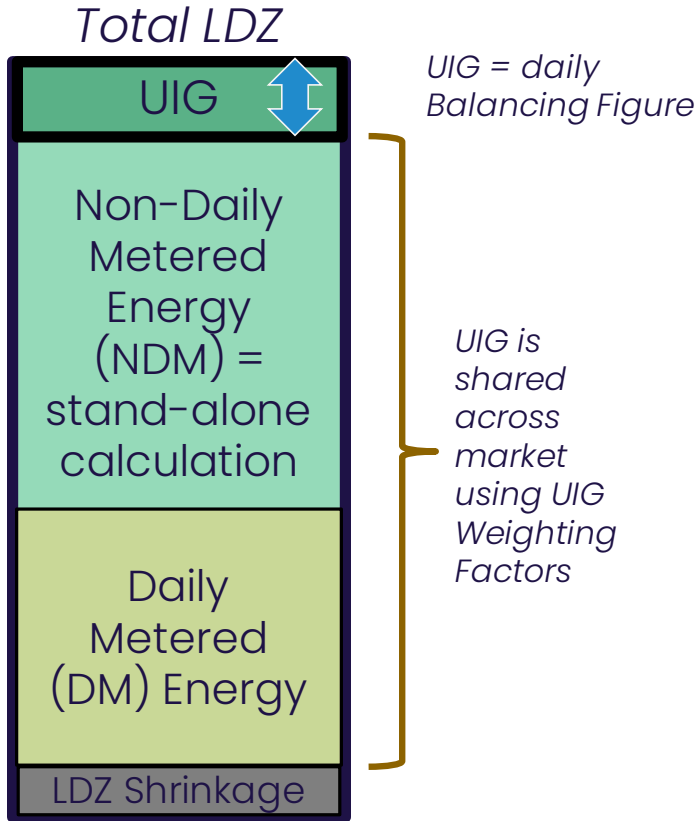
- Background to LDZ Metering Errors
- Impact of Offtake Meter Errors on LDZ Allocation and Settlement
- UIG Impacts and Corrections
- Pricing and UIG Sharing
- Treatment of Amounts owed by failed Shippers
- Indicative Timeline for EM009 (Alrewas error)



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>

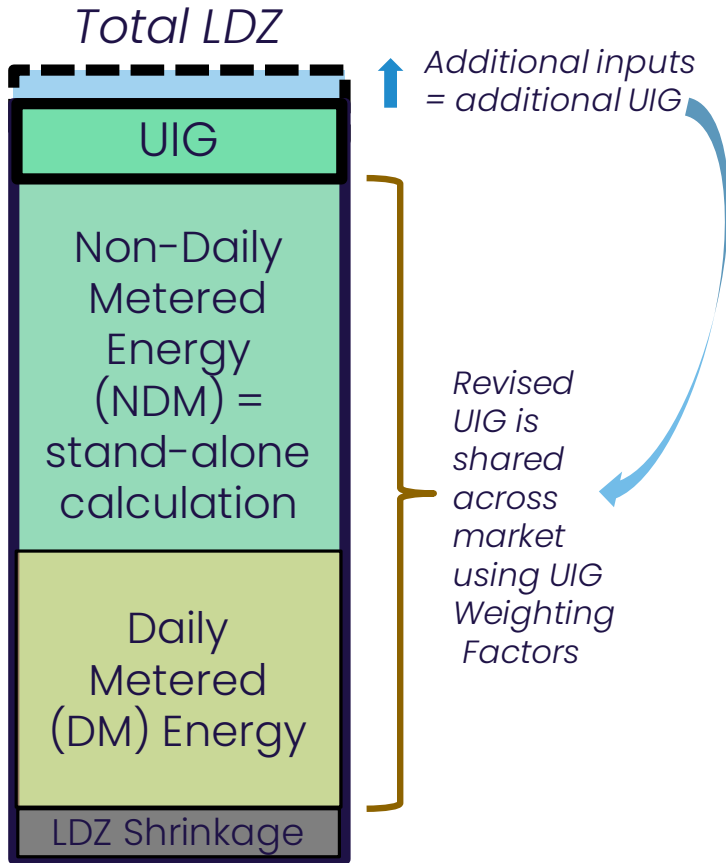
Daily Energy Allocation in an LDZ



- 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

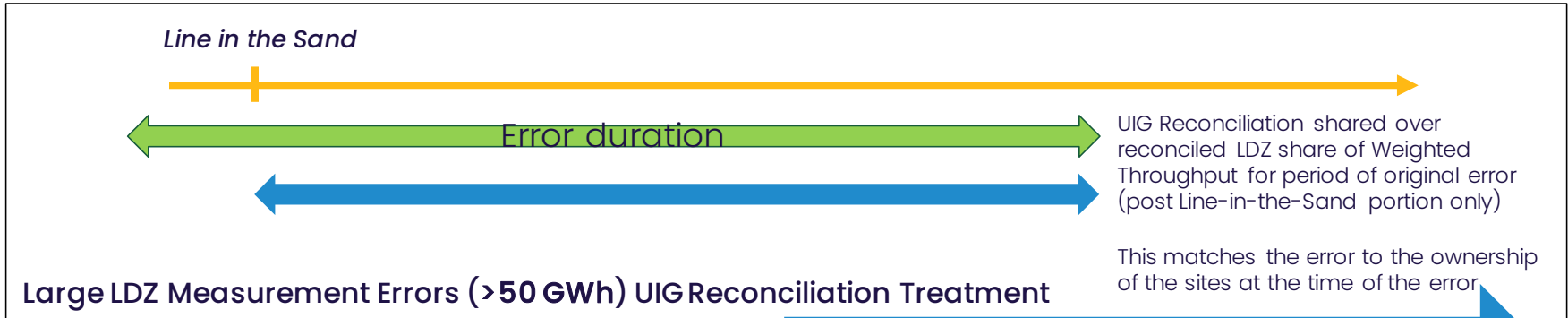
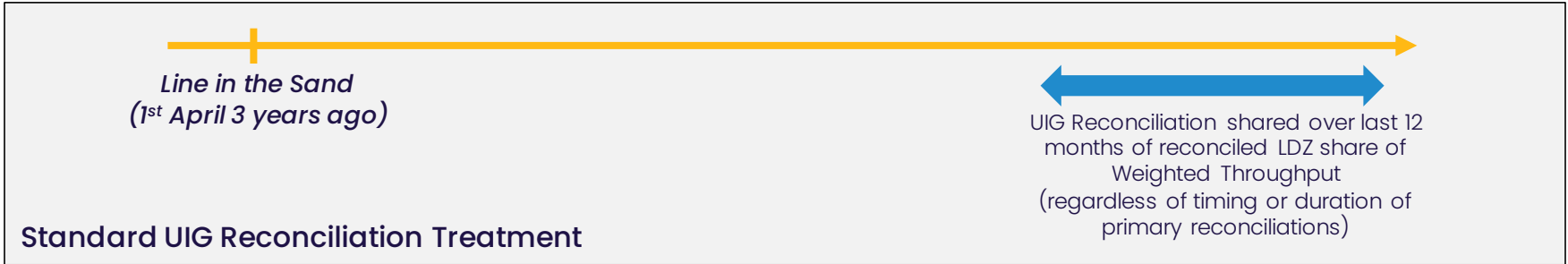
Next: UIG Impacts and Correction

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

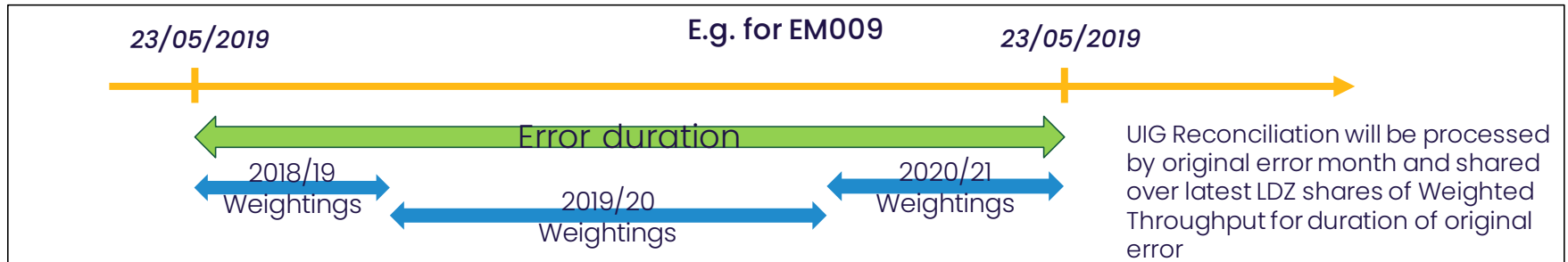
UIG Sharing for LDZ Measurement Errors



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

