Rough Order of Magnitude (ROM) Analysis

for

Modification Proposal 270 Elective Meter Point Reconciliation for Smaller Supply Points with AMR

Version 1.0

Network Lead:	Alan Raper / Chris Warner
xoserve Lead:	Fiona Cottam / Linda Whitcroft
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Change driver / origin

Modification Proposal 0270 proposes that the Registered User of a Smaller Supply Point (SSP) is able to elect that where Remote meter Reading Equipment is installed, the Supply Point is subject to individual meter point reconciliation (based on valid UNC meter readings). Nevertheless, such Supply Points will continue to be subject to aggregate reconciliation through Reconciliation by Difference (RbD).

Analysis

Analysis has been based upon the business rules detailed below as provided by the proposer.

1.   Conditions for shipper election of SSP

1.1   Shipper must notify the Transporters the SSPs that are to be subject to individual meter point reconciliation with a meter reading in the UMR file

1.2   Must be an SSP at the point of election

1.3   Shipper must warrant to the Transporter that remote meter reading equipment is installed at each Meter Point comprising the SSP and provide a valid meter reading with the election.

2.   Energy and transportation reconciliation

2.1.   The SSP remains in the SSP regime for all purposes except that it is subject to individual meter point energy and transportation reconciliation.

2.2.   Energy allocation on the day is unchanged, the SSP retains the same EUC and ALP. WAR bands do not apply.

3.   Meter reading submission

3.1   The shipper must submit meter readings on a monthly basis, which will be used by the transporter for the purpose of reconciling energy and transportation invoicing.

3.2   Monthly meter reading submission requirements for each individually reconciled SSP will be in line with the existing Monthly Read obligations.

3.3   Must read obligation at 24 months (existing obligation)

3.4   SSP sites subject to elective meter point reconciliation are included in the User's target for meter read performance under M3.4.1.

3.5   UNC M3.4.2 requirements relating to the days elapsed between reads applies to these SPs (not less than 23 days, not more than 37 days).

4.   Reconciliation

4.1.   On receipt of a meter reading, meter point reconciliation will be calculated in the same way as for current monthly read LSPs.

4.2.   Reconciliation will be calculated using the NDM Allocation factors for EUC Band 1.

4.3.   Transportation charges (NTS and LDZ) will be calculated using applicable prices for SSPs.

4.4.   The reconciliation will appear on the next available Reconciliation invoice.

4.5.   The USRV process will continue to apply, with no change to the UNC obligations proposed.

4.6   Additional tolerances for the NDM Reconciliation Charge filter (see UNC Reconciliation Suppression Guidelines section 3.0) for below 73,200 kWh to ensure similar suppression profile to the existing process.

4.7   Reconciliation will be dealt with under the existing processes in the applicable reconciliation period.

4.8   All meter readings permitted under the UNC for these SSPs will trigger reconciliation.

5.   Capacity for Election

5.1.   The initial quota SSPs that can be moved into elective meter point reconciliation will be 1 million SSPs, driven by the capacity to process readings, reconciliations and USRVs.

5.3.   Any quota would initially be allocated on a first come first serve basis across all Shippers, with no Shipper-level quotas.

6.   Reconciliation by difference

        Meter Points will remain subject to RBD as now i.e.…

6.1.   Reconciliation volumes and values are assigned to the monthly pot (E7.2.1 (a)).

6.2.   The individually reconciled SSPs remain in reconciliation by difference for settlements and therefore attract a share of all RBD charges in the relevant LDZ.

6.3.   The AQ of elective individually reconciled SSPs will be included in the User SP LDZ Aggregate AQ and Aggregate LDZ AQ for the LDZ.

6.4.   The User will therefore receive individual MP reconciliation and on the same invoice will receive their User SP Aggregate Reconciliation Proportion of the RbD Energy and RbD Transportation values for that reconciliation.

7.   AQ review

7.1.   The individually reconciled SSP will remain subject to the SSP AQ review process.

7.2.   The individually reconciled SSPs will be exempt from the end of year reconciliation process for the part of the year after their election.

8.   Change of Shipper

8.1.   The change of supply process remains confirmation only.

8.2.   The transfer read window remains unchanged.

8.3.   Shipper agreed reads process for SSPs remains unchanged.

9.   Charging

9.1.   User pays recovery of development costs from directly connected SSPs (based on the average number across the gas year 2009/10) as an equal amount per SSP, plus an ongoing charge for usage of service, based on number of sites elected.

9.2   The individually reconciled SSPs will be included in USRV Incentives regime.

10.   Change of status away from Elective meter point reconciliation

The following conditions would prompt a loss of status and reversion to RbD only:

10.1   Shipper notification of requirement to cease meter point reconciliation (without a meter reading).

10.2   Change of Shipper

10.3   AQ review moves SP to LSP

10.4   AQ Appeal moves SP to LSP

10.5   SSP is elected to be Non monthly meter read.

11. Transitional Arrangements

The following arrangements apply for the first reconciliation after implementation of this facility and after a SSP has been flagged as subject to individual meter point reconciliation

11.1   The meter reading submitted with the election becomes the start read of the first reconciliation period; or

11.2   The next read provided triggers reconciliation back to the previous reading but only the portion after the implementation date (if read is before the implementation date) is billed – similar to Line in the Sand.

ROM Costs & Timescales

Note: ROM information is not based on any formal systems analysis and should be used with caution.

Estimated Costs:

- The solution will cost at least **£690k**, but probably not more than **£900k**
- Ongoing Application Support will cost at least **£32k**, but probably not more than **£42k** per year
- Additional ongoing operational support will cost at least **£64k**, but probably not more than **£101k** per year

The quoted costs are only for the known functional changes to implement the stated business rules.

Costs for as yet unidentified or unconfirmed performance changes have not been included as additional changes can only be identified, confirmed and costed via detailed analysis and the production of a DCA.

Estimated duration:

- The Analysis Phase, will take at least **10 weeks**, but probably not more than **18 weeks**
- Delivery; including detailed analysis, development, implementation and post implementation support; will take at least **42 weeks**, but probably not more than **46 weeks**

- A solution could probably not be implemented before January 2012

Assumptions

- In addition to the Reconciliations that exceed the NDM Reconciliation Charge Filter, any Reconciliation Value where the underlying consumption is negative, with the exception of those immediately following an estimated transfer reading and those with compensating re-reconciliations and/or consumption adjustments, will be suppressed.
- Consumption Adjustments for the elected SSP will follow the process for LSP.
- Changes to SPA will only be to cease the election of a SSP.
- The SSP will also be a part of RbD.
- USRV process will apply for Elected SSPs.
- Reconciliation will appear on the next available reconciliation invoice after the approval of the reconciliation.
- Current read validations will continue to apply.
- Suppression Guidelines may need to be changed to manage the volumes of User Suppressed Reconciliation Values (USRV)
- The 'Election' of a SSP will be via UMR and RGMA files.
- The Shipper would warrant to the Transporter that remote meter reading equipment is installed at each Meter Point comprising the SSP and provide a valid meter reading with the election
- Uncorrected and corrected reads must be provided where a corrector asset was in situ on the read date.
- The AQ Appeal and AQ Amendment processes are not affected by this process.
- Elected SSPs must be monthly read and the Meter read frequency (MRF) must be validated as such.
- Election status would cease if MRF changes to non monthly read.
- Treatment of aged USRVs will be the same as Large Supply points (LSP)

Concerns

Service Levels

- The likelihood of the existing 400k cap on daily read volumes being breached is greatly increased. A combination of a even profile of read submissions and a recognition that some reads may be processed to different service levels will alleviate this concern.

- The charge calculation batch schedule, and other schedules will be impacted. Processing changes are likely to be required to mitigate this risk.

Business Rules:

- Providing a read with the Election enables retrospective election, increasing the benefits of the change, however this business rule option will require changes to all Metering processes, including RGMA flows, and consequently will be more expensive than prospective election via SPA processes only.
- There is no proposal for xoserve to record AMR asset data or validate elections against installed AMR asset data.

Note: the concerns above are those identified to date based upon the stated requirements. Detailed analysis may identify more topics to be considered, as would changes to the current stated requirements.

Impacts

xoserve:

- The manual workload (ConQuest) including MOD 192 service for xoserve and Users will potentially increase due to the increase in USRV Contacts.

Networks:

- None identified

Shippers

- SPA file changes.
- UMR / RGMA file changes.
- Potential increase in volume of USRVs.

Note: the impacts above are those identified to date, they do not represent a complete list of impacts