UNC 0681:

Improvements to the quality of the Conversion Factor values held on the Supply Point Register

Proposer: E.ON

Panel Date: 21st March 2019

Why change?

- Conversion Factor ("Correction Factor") is the responsibility of the Shipper
- Rules are set out in the Gas (Calculation of Thermal Energy) Regulations
  - Sites on or below 732,000 kWh AQ should have the standard value (1.02264)
  - Site above 732,000 kWh AQ should have a site-specific value
- A number of sites have inappropriate values at any time, e.g.
  - In late 2018 c. 10,000 sites below the 732,000 kWh threshold had a non-standard value
  - At the same date c. 5,000 sites above the threshold did not have a site-specific value
- Use of incorrect values contributes to UIG due to incorrect calculation of metered volumes – this flows into DM Allocations and into AQs and therefore into NDM Allocation
- There is no fall-back in UNC to correct the Conversion Factor if the Shipper does not, despite better information often being available

Options

- PAC (Performance Assurance Committee) asked the PAFA (Performance Assurance Framework Administrator) to write to the three Shippers with the largest number of standard conversion factors – this has reduced numbers somewhat – but only for those Shippers

- Continuing with PAC actions alone will not deliver consistent sustained improvement without continuing PAFA intervention

- An automated solution would reduce the number of Shipper updates required and the time to update, thus reducing the impact on UIG

Solution

- CDSP to be given permission to amend the conversion factor, with effective date equal to new AQ effective date:
  a) Where the AQ falls to 732,000 kWh or below, to 1.02264
  b) Where the AQ increases above 732,000 kWh to the last non-standard value held on the Supply Point Register
- One-off update of all existing errors in scenarios a) and b) between 30 and 60 days following implementation
- Notifications to relevant Shipper of all updates so that they are aware of changes to their meter points
- If no previous non-standard value is held, no update would be made in scenario b)

Recommended Steps

- The Proposer recommends that this modification should be:
  - Subject to self-governance
  - Workgroup assessment to develop the modification for 3 months