



**UIG Task Force Issue 12.2 – Standard Conversion
Factor**

**SUPPORTING SLIDES – SUMMARY OF TASK
FORCE OPTIONS**


UNC Review Group 0693

25 February 2020

Options to Address the Finding

- Options were summarised and presented at UIG Workgroup (Task Force meeting) on 28 Jan
- No strong support for any options
- Further detail and analysis on the options set out in supporting spreadsheet published for this meeting:
 - “Iss 12.2 Options Analysis”
- Summary of options on following four slides
- See also supporting spreadsheet analysis:
 - <https://gasgov-mst-files.s3.eu-west-1.amazonaws.com/s3fs-public/ggf/2019-02/5.1%20Iss%2012.2%20Options%20Analysis.xlsx>

Options to address finding 12.2 (1 of 4)

No.	Option	Likelihood of success	Implementation lead times
1.	No action (“Do Nothing” option) or Park	Very low	CLOSED AT LATER UIG W/Grp
2. 	Use actual LDZ temperatures to convert consumptions used to develop the NDM Profiles (ALPs and DAFs) – to be further refined at DESC forum	Medium – improves daily allocation but does not correct calculation of metered energy or AQ	Short/medium – pending DESC review
3.	Influencing strategy to amend Thermal Energy Regulations	Unknown?	Probably long?
4.	Add a new LDZ level factor to the volume-to-energy conversion formula to account for the net difference in energy. The factor could either be a fixed value reviewed periodically, or calculated daily using actual LDZ weather	Medium to high	Long. Would require a UNC Modification proposal and significant system changes.

Options to address finding 12.2 (2 of 4)

No.	Option	Likelihood of success	Implementation lead times
5.	Amend AUGE process to re-distribute UIG based on estimated impacts of conversion factors (forecast basis)	Medium/high – depending on actual weather for the year	Medium – requires governance changes but probably no system changes
6.	Mod to introduce retrospective adjustment to allocations based on actual weather for the year	Medium/high – depending on methodology applied	Long – UNC Mod and system changes
7.	Introduce an LDZ level conversion factor (permanent/per year/per month)	Low to medium – depending on whether annual/monthly	Long – UNC Mod and system changes
8.	Amend UNC/legislation to require site specific conversion for every site	Low to medium due to scale of workload	Medium/long – creation of capability only – Long for actual CF updates

Options to Address Finding 12.2 (3 of 4)

No.	Option	Likelihood of success	Implementation lead times
9.	<p>Suggested by Shipper: Create a new category of Energy, treated similarly to Shrinkage, where a percentage of daily throughput is allocated as a Correction Factor error. The percentage of energy would be set at LDZ level based on daily profiled seasonal normal (SN) temps, and then retrospectively trued-up based on the actual LDZ temps. This option would reduce volatility and the shippers' trading exposure (except where temps are a long way from SN)</p>	<p>Shipper assessment: Medium-High. Would reflect daily profiled temperature effect, applied to aggregate consumption profile (rather than individual sites' usage profiles). Would need to assess if any changes required to DNs' RIIO arrangements to make it an allowable cost</p>	<p>Long. Would require a UNC modification and changes to CDSP systems, and potentially changes to CDSP Billing processes to incorporate the new energy type</p>

Options to Address Finding 12.2 (4 of 4)

No.	Option	Likelihood of success	Implementation lead times
10.	<i>Suggested at UIG Workgroup:</i> Adjust LDZ daily gas inputs to use standard correction. (Would create energy gains/losses between NTS and LDZs which would need to be funded)	Medium. Would reduce daily UIG caused by this issue, but there would still be differences between actual temps at the meters and the standard temp used in the CF. Would create UIG at sites with a specific CF or with a converter fitted.	Long. Would require a UNC modification and changes to GT/CDSP systems, and potentially changes to GT billing to recover the energy differences

The logo for Xserve, featuring a stylized 'x' icon followed by the word 'serve' in a sans-serif font. The 'x' icon is composed of two overlapping shapes: a dark blue 'x' on the left and a light blue 'x' on the right. The word 'serve' is in a light blue color. The logo is centered within a white rectangular frame that has a subtle drop shadow and is set against a background of fine, light blue diagonal lines. The entire composition is framed by a dark blue header at the top and a bright cyan footer at the bottom.

xserve