

**UNC Workgroup 0693R Minutes
Treatment of kWh error arising from statutory volume-energy
conversion**

Thursday 22 October 2020

Via Teleconference

Attendees		
Kate Elleman (Chair)	(KE)	Joint Office
Helen Bennett (Secretary)	(HB)	Joint Office
Alex Mann	(AM)	Gazprom Energy
Andy Clasper	(AC)	Cadent
David Addison	(DA)	Xoserve
David Mitchell	(DM)	SGN
Ellie Rogers	(ER)	Xoserve
Fiona Cottam	(FC)	Xoserve (agenda item 3.0)
Fraser Mathieson	(FM)	SPAA/Electralink
Guv Dosanjh	(GD)	Cadent
Heather Ward	(HW)	Energy Assets
India Koller	(IK)	SGN
John Welch	(JW)	PAFA
Kirsty Dudley	(KD)	E.ON
Lorna Lewin	(LL)	Orsted
Max Lambert	(ML)	Ofgem
Oorlagh Chapman	(OC)	Centrica
Paul Bedford	(PB)	DRAX
Phil Lucas	(PL)	National Grid
Rose Kimber	(RK)	CNG Ltd
Sean McSweeney	(SMc)	E.ON
Steve Britton	(SBr)	Cornwall Insights
Tracey Saunders	(TS)	Northern Gas Networks

Copies of all papers are available at: <https://www.gasgovernance.co.uk/0693/240920>

The Workgroup Report is due to be presented at the UNC Modification Panel by 17 December 2020.

1. Introduction and Status Review

Kate Elleman (KE) welcomed everyone to the meeting and suggested, in the absence of the proposer it might be better to re-look at this review at the beginning of next year.

FC did agree that this Review Group lost a bit of traction with the handover from UIG to Distribution Workgroup and advised that the Options Shortlist paper has been provided which holds quite a lot of detail and KE agreed to review the paper with the intention that progress could be made and further delays avoided.

1.1. Approval of Minutes (24 September 2020)

The Workgroup accepted the minutes.

1.2. Approval of Late Papers

KE advised there were no late papers submitted for this Workgroup.

1.3. Review of Outstanding Actions

Action 0901: Xoserve to provide update on the meter temperature data exercise from the AUG Subcommittee.

Update: This will be a laboratory study to simulate the temperature outside compared with the temperature of gas when it passes through the meter. At the moment FC is unsure if the current AUG requires this. FC added that this could potentially help to inform some of the solutions. **Carried Forward to November 2020**

Action 0604: All to assess the Options Analysis Table in readiness for further discussion at the meeting on 28 July 2020 and to provide feedback directly to Mark.Bellman@scottishpower.com and fiona.cottam@xoserve.com by Monday 20 July 2020.

Update: This Action is now out of date and has been preceded by the latest options paper **Closed**

Action 0701: FC to include AUG 2021 Table and the impact of standard conversion factors in Options Table and update the Workgroup at the next meeting.

Update: This has been included in the Options Table. **Closed**

Action 0702: FC or MB to discuss the impact of Gemini on Option 11 with Phil Lucas at National Grid.

Update: This has been included in the Options Table. **Closed**

2. Review of updated Options Analysis Table to include Thermal Energy Regulations

KD requested FC provide a verbal summary of the options paper and suggested that Workgroup be assigned a self-study action, once that has been completed solutions can be discussed at the next meeting in November.

FC provided a verbalised summary of the paper and explained the structure of the paper and what information is included within each table for each option:

Background: The potential impacts of the use of a single national Conversion Factor on the accuracy of daily gas allocations and therefore on Unidentified Gas (UIG) were highlighted by Xoserve's UIG Task Force in 2019. The estimated impact on UIG and a number of possible solutions/mitigations were presented at a meeting of the UNC UIG Workgroup in January 2019. There was no obvious single solution to the issue and no clear consensus on preferred option(s) to take forwards. Subsequently Scottish Power raised Review 0693 - Treatment of kWh error arising from statutory volume-energy conversion, to review the options and identify a preferred solution.

- **Problem Statement:** the underlying premise for the paper relates to a basic physics problem whereby, as a principle, gases expand when they are warmer. Because gas is metered in volume then converted to energy using the standard conversion factor, this will cause fluctuations in the amount of gas measured. This would reduce UIG in Summer and increase UIG in Winter.
- **Options:**

4 (ii)	Add a new LDZ level factor to the volume-to-energy conversion formula to account for the net difference in energy. The factor would be calculated daily using actual LDZ weather
5	Amend the AUGE process to re-distribute UIG based on estimated impacts of conversion factors (forecast basis)
7	Introduce an LDZ level conversion factor (permanent/per year/per month)
10	Adjust LDZ daily gas inputs to use standard correction
11	Adjust daily gas allocations and subsequent meter point reconciliations to take account of impact of actual weather on metered gas volumes.

- **Structure:** There is a table for each option which covers an overview of the option:
 - How the option addresses the Problem Statement (the benefit);
 - Phases of Settlement addressed;
 - Is the benefit temporary or permanent;
 - Is the option compliant with the Thermal Energy Regs;
 - Would the solution be able to cope with extreme weather;
 - What are the impacts Supplier Billing;
 - Impacts on Market Operations and Gas Prices;
 - Impacts on Industry party systems; Impact on System Operation;
 - Impact on Energy Balancing processes;
 - What are the approx. lead times;
 - What are the governance requirements.

Paul Bedford (PB) asked if System changes would be mandatory to implement. FC provided an example that some Shippers might mimic some of the Xoserve processes in order to check values, if that Shipper still wanted to do that, the Shipper would need to update their own system.

FC added that Option 5 - Amend the AUGE process to re-distribute UIG based on estimated impacts of conversion factors (forecast basis), is effectively already implemented and explained this was not the case when the UIG Taskforce was initialised.

KE asked if there are there some things listed in the tables that are a 'must have', for example, must it be compliant with the Thermal Energy Regulations, and if any of the options are not, that option would immediately be discounted.

KE and FC went on to categorise each of the headings within the tables in order to get a feel for what an option must have:

How the option addresses the Problem Statement (what is the benefit)	The benefit should be permanent
Is the option compliant with the Thermal Energy Regs	The option should be compliant
Would the solution be able to cope with extreme weather?	The option should be able to cope with extreme weather
What are the impacts on Supplier billing	Ideally none (none little or not)
Impact on system operation	It was questioned that if an option had an impact on System Operation, would the option still be viable
What is the impact on Energy Balancing processes	It would be nice for the solution to have a low impact on Energy Balancing
What are the approximate lead times	The lead times should preferably be shorter

It was agreed that workgroup would take the 'must need' and 'likes' discussion into consideration when reviewing the options paper.

KD asked, through the review, was there a particular preference that Xoserve had, is there an Xoserve recommendation?

FC advised that most of the options have quite complicated solutions, all of the options are moving the UIG error around.

KE added that the option of do nothing should be included in the paper and that this will most likely apply to Option 5 as that is what is now in place.

Next steps

New Action 1001: Workgroup to review the options paper and submit comments, including preferred option, to FC. (if preference is for Option 5, this has already been implemented which would mean a 'do nothing' approach if chosen)

3. Development of Workgroup Report

This will be covered at the next meeting in November 2020.

4. Next Steps

KE confirmed the next steps to be:

- Workgroup to review the options paper and submit comments, including preferred option to FC
- Further Development of the Workgroup Report.

5. Any other business

None.

6. Diary Planning

Further details of planned meetings are available at: <https://www.gasgovernance.co.uk/events-calendar/month>

Workgroup meetings will take place as follows:

Time / Date	Venue	Workgroup Programme
Thursday 26 November 2020	Teleconference	Development of Workgroup Report
Monday 14 December 2020	Teleconference	Completion of Workgroup Report

Action Table (as at 22 October 2020)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0901	23/09/19	2.0	Xoserve to provide update on the meter temperature data exercise from the AUG Subcommittee.	Xoserve (FC)	Carried Forward
0604	16/06/20	2.0	All to assess the Options Analysis Table in readiness for further discussion at the meeting on 28 July 2020 and to provide feedback directly to Mark.Bellman@scottishpower.com and fiona.cottam@xoserve.com by Monday 20 July 2020.	All	Closed
0701	28/07/20	2.0	FC to include AUGE 2021 Table and the impact of standard conversion factors in Options Table and update the Workgroup at the next meeting.	Xoserve (FC)	Closed
0702	28/07/20	2.0	FC or MB to discuss the impact of Gemini on Option 11 with Phil Lucas at National Grid.	ScottishPower (MB) and Xoserve (FC)	Closed
1001	22/10/20	2.0	Workgroup to review the options paper and submit comments, including preferred option, to FC Development of the Workgroup Report	Workgroup	Pending