



UIG Reconciliation for Non-Meter Point Reconciliations Issue XCE2023

Update to June 2024 Contract
Management Committee

DSC Contract Committee May 2024 – Action 0503

Ref	Action
0503	CDSP SME (FC) to attend June DSC CDSP. SME to provide specifics of UIG Reconciliation for Non-Meter Point Issue

Customer Issue Register Extract

Date Raised	Issue Title	Issue Summary	Latest Update	Comms Ref	Impact	Action Plan & progress
May-24	UIG Reconciliation for non-Meter Point Reconciliation	UIG Reconciliation for billing periods over 12 months old may have been slightly misallocated between Shippers.	Affects Large LDZ Measurement Error reconciliations and Annual Shrinkage adjustments only, for periods older than 12 months at point of processing.	XCE2023	Affects Large LDZ Measurement Error reconciliations and Annual Shrinkage adjustments only, for periods older than 12 months at point of processing.	Update to UKLink system under development

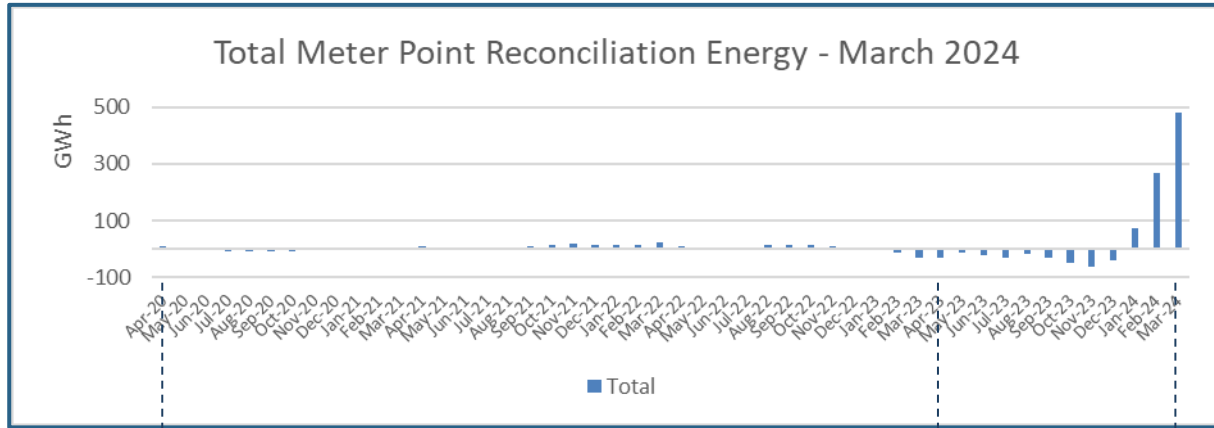
Background

- When preparing the Rough Order of Magnitude assessment for UNC Modification 0862, Xoserve identified an issue with the way that 2 categories of UIG reconciliation have been allocated historically
- This only impacts Qualifying LDZ Reconciliations and Annual LDZ Shrinkage Adjustments
- We issued an industry comms on 10 May and briefly discussed the issue at May CoMC meeting
- These slides explain in more detail:
 - The issue
 - The impacts
 - The fix deployed in UKLink on 17 May 2024

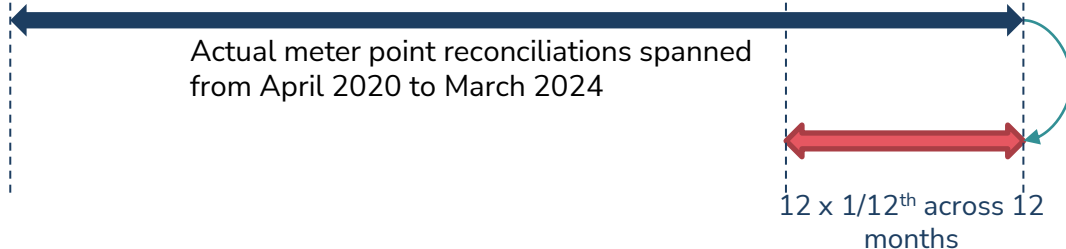
UIG Reconciliation and Sharing Rules

- Each month, the CDSP carries out reconciliation activities for the millions of sites which have submitted or replaced reads in that billing month – both Daily and Non-Daily Metered
- The submitted reads indicate the difference between estimated and actual consumption
- The difference in energy consumption for each site is assigned to the original “Supply Months” across the reconciliation period (read date to read date) and billed/ credited to the appropriate Shipper
- Opposite values of all the reconciliations in the LDZ for that billing month are totalled up to become **UGR – UIG Reconciliation** – this keeps UIG “whole”
- Under UNC business rules, UIG Reconciliation (charge type “UGR”) is shared out in a standard 12-month “pot” in each LDZ
- This is regardless of the actual period to which that meter point reconciliation related
- There are 2 exceptions to the 12-month “pot”:
 - TPD E7.5 Qualifying LDZ Reconciliation aka “**Significant LDZ meter errors**”
 - TPD E7.3 (b) LDZ Shrinkage Adjustment aka “**Annual LDZ Shrinkage Adjustment**”

Treatment of UGR from Meter Point Reconciliations



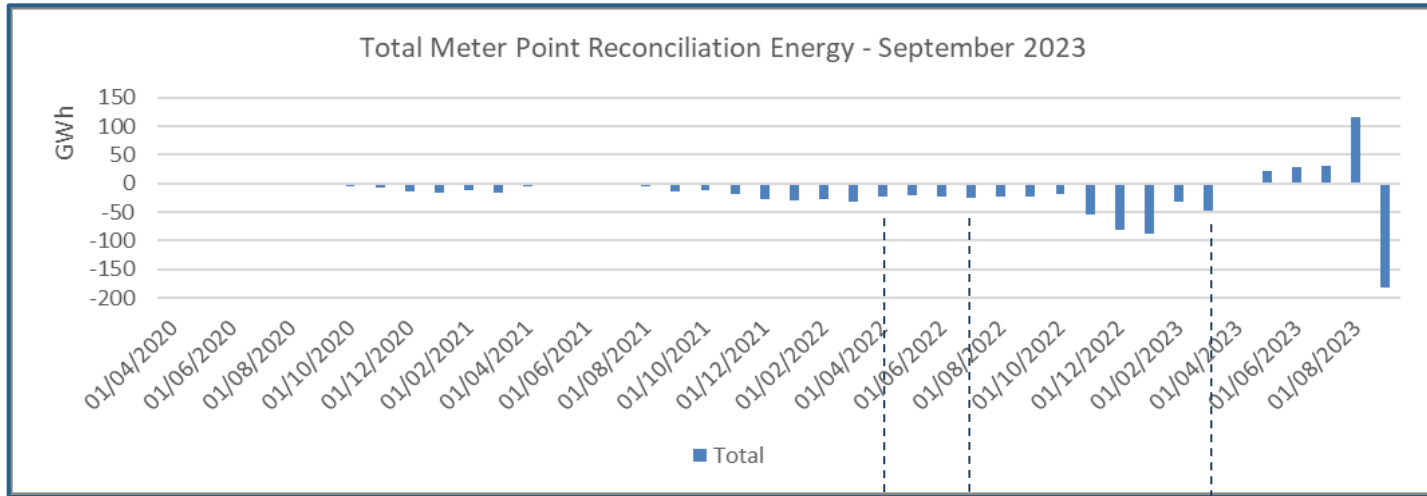
*Example:
March 2024
Meter Point
Reconciliations –
all LDZs*



UGR reconciliation was applied to each month's **latest share of Weighted Throughput** from April 2023 to March 2024 inclusive in each LDZ

Chart shows that most of the reconciliation energy related to recent Supply Months

Treatment of UGR from LDZ Reconciliations



Example: Thornton Curtis Large LDZ Meter Error (EM LDZ) processed in July 2023 against **share of Weighted Throughput in EM LDZ for the error period – April to July 2022**

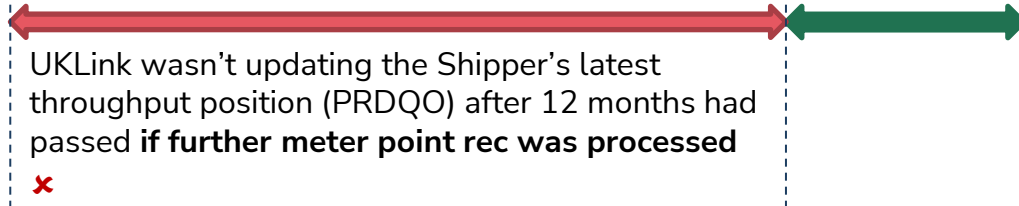
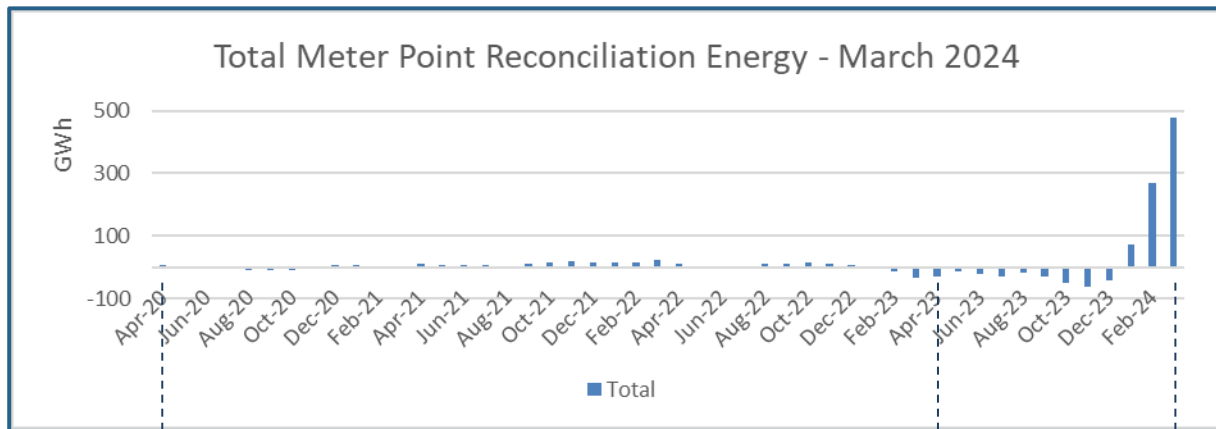
This only applies to large LDZ Reconciliations >50 GWh – there have only been around 4 of these since Project Nexus go-live in 2017

Annual Shrinkage Adjustment usually processed on the September Amendment Invoice against **share of Weighted Throughput in the relevant LDZ** for previous Formula Year (Apr to Mar)

Calculation of Weighted Throughput for UIG Sharing ⁷

- UIG Reconciliation is shared out based on latest Weighted Throughput in each LDZ
- Throughput is **Daily Metered energy** – based on estimates/actuals – and **Non-Daily Metered energy** based on the NDM Algorithm – or latest metered quantity where available
- UNC term for latest reconciled throughput is **PRDQO – Prevailing Reconciled Daily Quantity Offtaken**
- The Shipper's PRDQO for historic months should be updated every time there is a meter point reconciliation

What was the Issue?



UKLink wasn't updating the Shipper's latest throughput position (PRDQO) after 12 months had passed **if further meter point rec was processed**

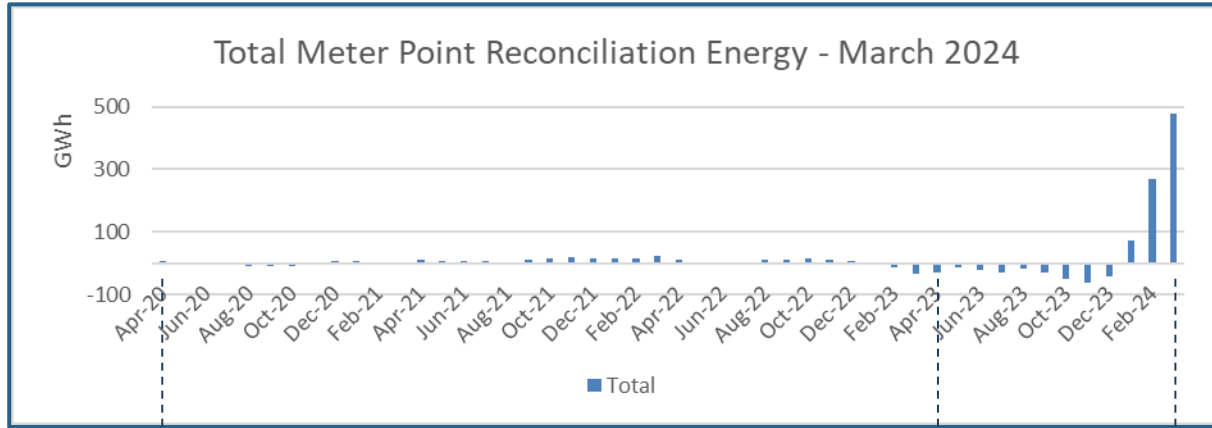


Shipper's latest reconciled throughput position (PRDQO) for the last 12 months is kept up-to-date in UKLink every time a meter point rec is processed



Note: most of the meter point reconciliations flow through well within 12 months – and these older throughputs are only used for a few LDZ reconciliations

What Were the Impacts?



In each case the total energy to be shared out was calculated correctly ...



✘ Large LDZ measurement errors and the older months of the Annual LDZ Shrinkage Adjustment will have been slightly mis-allocated between Shippers, dependent on how much meter point reconciliation they have had beyond 12 months ago

Error has been in place since Project Nexus go-live – older PRDQOs used c. 10 times since 2018

- ✓ Normal Meter Point reconciliations have been shared out correctly
- ✓ Small LDZ Measurement Errors have been shared out correctly
- ✓ The second half of the Annual LDZ Shrinkage Adjustment has been shared out correctly each year

Can We Quantify the Exact Impacts?

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- Total UGR values are correct – all UGR was shared out – none was “lost” due to this error
- The amount of energy that was shared out beyond the usual 12-month pot ranged from 2.5% to 3.7% of total UIG reconciliation each Gas Year since 2019 onwards – it was that energy that would be impacted by the older PRDQOs
- We can say that on average only around 14% of meter point reconciliation energy in this Gas Year related to periods more than 12 months old – these are the ones that should have been updating the PRDQOs but weren't
- Individual Shippers' impacts will depend on how closely their own meter point reconciliations match the trends in each LDZ – the closer to the “average” reconciliation trend, the lesser the impact – will be much lower than 2.5% x 14% for any individual Shipper – *older PRDQOs used c. 10 times since 2018*
- We can't go back and update historic PRDQOs and re-run historic UGR sharing to get individual impacts – that would require a new simulation tool and a huge amount of processing
- There is no impact on DN income/revenue because there is no transportation income on UIG

Fix Now Implemented (17 May 2024)

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- On 17 May we deployed a fix to UKLink to correct the issue
- **Future** meter point reconciliations spanning all the way back to the current Line in the Sand (“Code Cut-Off Date”) will update the PRDQOs for those months
- Shippers do not need to implement any system or process changes
- Shippers may notice that the next time their PRDQOs for billing periods >12 months old are used for UGR sharing that they have been updated – *if that Shipper has had any relevant meter point reconciliations going back over 12 months* – first usage likely to be the Annual Shrinkage Adjustment in September 2024
- Please note: this is a fix-forward approach only
- A retrospective fix of PRDQOs for historic months and a retrospective re-calculation of historic UGR has not been undertaken due to the complexity of the calculations and low % of UGR impacted

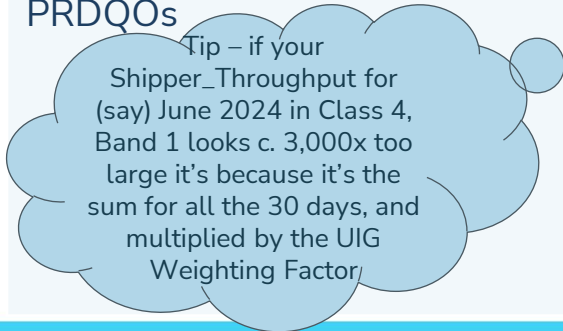
For Information: Modification 0862

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- [UNC Modification 0862](#) seeks to move away from the standard 12-month pot for normal UIG Reconciliation
- Instead UIG reconciliation would be apportioned – still within each LDZ – across the same whole months as the meter point reconciliation that has caused it
- Mod 0862 would align the UIG reconciliation to original allocation months – most meter point reconciliation now flows in the first four months after the allocation month (“Supply Month”)
- That could be anything from one month to 48 months – could bring PRDQO for months >12 months old into play
- The Mod does not propose any changes to meter point reconciliation processes
- *Mod 0862 is currently under Workgroup development, due to report to July Mod Panel, not Self-Governance*
- The fix-forward for XCE2023 would support the implementation of Mod 0862

Additional Supporting Information

Info	Location
Xoserve UIG Help Centre page	Unidentified Gas (UIG) (xoserve.com) – includes link to UIG training material
Reconciliation by Month report	Shows breakdown of each month's meter point rec by LDZ, EUC, Class and Supply Month – available in first week of the month of the previous month's Amendment invoice – <i>on the UIG page (see above)</i>
Mod 0862 Updated material	Mod 0862 UGR Examples v2 – March '24 Workgroup (provides more detail on Mod 0862 and current UGR sharing)
Visibility of individual Shipper's PRDQOs	Within the Amendment Invoice file (.AMS) K91 record: Shipper_Throughput field at Month/LDZ/EUC/Class level, along with the total LDZ Throughput Please note: those values are the sum of all the days in the month and have all been multiplied by the relevant UIG Weighting Factor for the historic month – see appropriate AUG Year page for the Table of Factors https://www.gasgovernance.co.uk/augenex



Tip – if your Shipper_Throughput for (say) June 2024 in Class 4, Band 1 looks c. 3,000x too large it's because it's the sum for all the 30 days, and multiplied by the UIG Weighting Factor

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