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Modification	At what stage is this document in the process?

IGT127:

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

Purpose of Modification:

The purpose of this Modification is to improve the quality of the Conversion Factor data item on the Supply Point Register, which will in turn improve the accuracy of measured energy and therefore AQs.

	The Proposer recommends that this modification should be: • assessed by a Workgroup This modification will be presented by the Proposer to the Panel on 17th May 2019. The Panel will consider the Proposer's recommendation and determine the appropriate route.
	High Impact: None
	Medium Impact: Gas Shippers (Pipeline Users) and CDSP
	Low Impact: IGTs (Pipeline Operators)

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Timetable

The Proposer recommends the following timetable:

Initial consideration by Workgroup	4th June 2019
Amended Modification considered by Workgroup	dd month year
Workgroup Report presented to Panel	21st June 2019
Draft Modification Report issued for consultation	25th June 2019
Consultation Close-out for representations	16th July 2019
Variation Request presented to Panel	dd month year
Final Modification Report available for Panel	22nd July 2019
Modification Panel decision	23rd August 2019

Any questions?

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1 Summary

What

This Modification proposes that the CDSP should assist in improving data quality by making updates to the conversion factor data item on the Supply Point Register, in certain circumstances (and advising the relevant Shipper of any updates).

Why

The Unidentified Gas Task Force (as established by UNC Mod 0658) has determined that incorrect conversion factors could be contributing to daily levels of UIG, due to incorrect data being used in energy calculations, and as a result, incorrect daily energy allocations due to incorrect AQs. The Task Force assessment of UIG equivalent to 0.1% of total LDZ throughout is an estimate, as the more accurate conversion factors were not available for the calculations.

This modification is to ensure that IGT supplies are in scope of any CDSP deliverable and aligned to the UNC deliverable outlined in modification UNC 0681.

How

This Modification proposes that the CDSP should be given the authority to make changes to the conversion factor in the following circumstances only:

a) where the AQ of a meter point falls to 732,000 kWh or lower, the conversion factor should be updated to the default of the standard value of 1.02264, as specified in the Gas (Calculation of Thermal Energy) Regulations, with effect from the effective date of the new AQ.

b) where the AQ of a meter point increases above 732,000 kWh, the conversion factor should be set to the last non-standard factor held on the Supply Point Register (if one is available) with effect from the effective date of the new AQ.

2 Governance

Justification for Self-Governance Procedures

This Modification is recommended for self-governance procedures (as with UNC 0681), on the basis that it is a minor change to industry governance and seeks to bring in processes to ensure that end consumers have valid conversion factors only by creating a safety net in the CDSP processes. Consumers at sites with AQs on or below the 732,000 threshold should already be billed using the standard conversion factor. This change would help to bring Shipper allocations and measurements into line with their Supplier's end consumer billing.

Sites with AQs above the threshold should be billed using a site-specific factor already. Only sites where there is already a non-standard factor on file would have the data item changed automatically. The non-standard factor would have been previously provided by a Shipper.

This change does not propose that the CDSP undertakes or requests any assessment of new non-standard conversion factors or organises any site visits, therefore there would be no disturbance or inconvenience to the end consumer.

Requested Next Steps

This modification should:

- be subject to self-governance
- be assessed by a Workgroup

3 Why Change?

The current arrangements whereby the conversion factor can only be updated by the Shipper have resulted in a number of sites having inappropriate values. As at late 2018 the Supply Point Register showed:

a) c. 5,000 sites (around 15% of eligible sites) above the threshold which still had the standard conversion factor, whereas they should have their own site-specific value. This could be understating the annual consumption of these sites by a net 7.4% and contributing around 0.1% of total LDZ throughput to UIG

b) c. 10,000 sites (out of 24 million) on or below the threshold that have a non-standard conversion factor, whereas the standard value of 1.02264 should always apply to those sites. On average the annual usage of these sites is being overstated by around 3.8%, due to the use of an incorrect conversion factor, and therefore slightly reducing UIG by the equivalent of 0.01% of total LDZ throughput

Each Shipper receives a count of their scenario a) sites in their monthly Shipper Performance Pack from the CDSP, and the statistics are also published as part of the monthly Performance Assurance Reports. However as at late 2018 there were still around 15% of eligible sites without a site-specific conversion factor.

In 2017 comms 1782.1 which had options for UKLP CR065 – Correction Factor Application was withdrawn by the CDSP because at that time Shippers (via the Solution Development Group) felt that correction factors should be updated by the Supplier/Shipper, the analytics in 2018 have shown that the volumes have not reduced.

Another consideration is SPAA Change Proposal (SCP) 459 - Identification of Meters with Conversion Capability within Market Domain Data, this may need to be considered as part of solution development.

The UIG Task Force has identified that these sites could be contributing to around 0.1% of total LDZ daily throughput to UIG, and that this is not corrected by subsequent meter point reconciliation.

More proactive measures are required to address these inconsistencies, wherever possible. As the general premise of UNC is that Shippers are responsible for data quality, a UNC Code Mod is required to give the CDSP authority to change this data item.

This solution is to act as a safety net to ensure conversion factors are as accurate as possible. It is preferred that Suppliers/Shippers utilise the Shipper Packs and update these values themselves rather than the CDSP conducting this exercise.

4 Code Specific Matters

Technical Skillsets

An understanding of energy calculation, reconciliation and AQ would be helpful.

Reference Documents

UIG Task Force findings:

https://www.xoserve.com/media/1954/task-force-findings-item-121123.pdf

The Gas (Calculation of Thermal Energy) Regulations 1996

http://www.legislation.gov.uk/uksi/1996/439/regulation/2/made

5 Solution

Aligned with UNC 0681, this modification proposes for the CDSP to be granted permissions to proactively allocate a valid conversion factor to a meter point.

The CDSP should be granted the permission to make changes to the conversion factor in the following circumstances – in scenarios not named the CDSP is to ensure the meter points are included in the Shipper Packs for individual review:

a) where the AQ of a meter point falls to 732,000 kWh or lower, the conversion factor should be updated to the standard value of 1.02264, as specified in the Gas (Calculation of Thermal Energy) Regulations, from the effective date of the new AQ.

b) where the AQ of a meter point increases above 732,000 kWh, the conversion factor should be set to the last non-standard factor held on the Supply Point Register (if one is available) with effect from the effective date of the new AQ.

The amendments would be delivered in two parts

1) updating of meter points already identified, these will be completed a minimum of 30 days after modification implementation by the CDSP. This is to allow Shippers/Suppliers to update the values themselves.

2) updating of meter points identified on an enduring basis, these will be completed a minimum of 30 days after notification via the Shipper Packs e.g. M+1, this allows time for Shippers to proactively update and if they remain then the CDSP will update them.

Notifications will be issued by the CDSP confirming updates and values allocated by the updates in parts a) and b) so Shippers are directly aware which meter points have been updated.

6 Impacts & Other Considerations

Does this modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

None

Consumer Impacts

This change does not propose that the CDSP undertakes or organises any site visits, therefore there would be no disturbance or inconvenience to the end consumer.

Cross Code Impacts

UNC modification 0681 has already been raised and SCP 459 may influence the solution depending on how the change progresses.

Environmental Impacts

None identified.

CDSP System Impacts

CDSP systems will need to be changed to identify sites in both scenarios, to apply the required changes, and to notify the relevant Shipper of the changes that have been made. We would look to raise an XRN to develop in conjunction with the modification, once approved by panel.

XRN 4932 has been raised to deliver any system changes for the UNC and IGT UNC changes.

7 Relevant Objectives

Impact of the modification on the Relevant Objectives:

Relevant Objective	Identified impact
(A) Efficient and economic operation of the pipe-line system	None
(B) Co-ordinated, efficient and economic operation of (i) the combined pipe-line system; and/or (ii) the pipe-line system of one or more other relevant gas transporters	Positive
(C) Efficient discharge of the licensee's obligations	None
(D) Securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation agreements with other relevant gas transporters) and relevant	Positive

shippers	
(E) Provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards… are satisfied as respects the availability of gas to their domestic customers	None
(F) Promotion of efficiency in the implementation and administration of the Code	None
(G) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Cooperation of Energy Regulators	/None

More accurate gas allocation and reconciliation will promote competition by reducing the barrier to entry that is currently being created by the high, unexplained levels of Unidentified Gas (UIG).

8 Implementation

Implementation to be aligned to the UNC modification 0681 and XRN 4932.

A one off exercise to update any meter points which have not been proactively updated by Shipper/Suppliers. This will be conducted no earlier than 30 days after implementation and no later than 60 days after implementation.

9 Legal Text

To be provided and to link to the UNC text where appropriate.

10 Recommendations

Proposer's Recommendation to Panel

Panel is asked to:

- Agree that Self Governance procedures should apply
- Refer this proposal to a Workgroup for assessment.