

UNC Request	At what stage is this document in the process?
<p>UNC 0XXX: <i>(Joint Office to insert number)</i></p> <p>Review of the use of a national standard conversion factor</p> <p><i>(proposer to provide a short, but informative, title)</i></p>	<div style="display: flex; flex-direction: column; align-items: center;"> <div style="border: 1px solid #800040; padding: 5px; margin-bottom: 5px; width: 100px; display: flex; justify-content: space-between;">01 Request</div> <div style="border: 1px solid #0070C0; padding: 5px; margin-bottom: 5px; width: 100px; display: flex; justify-content: space-between;">02 Workgroup Report</div> <div style="border: 1px solid #FF8C00; padding: 5px; width: 100px; display: flex; justify-content: space-between;">03 Final Modification Report</div> </div>
<p>Purpose of Request: <i>(Proposer to provide a short description)</i></p> <p>The request is to review the use of a national standard volume-to-energy conversion factor and identify options to mitigate the possible impacts on gas settlement, reconciliation and Annual Quantities (AQs).</p>	
	<p>The Proposer recommends that this request should be assessed by a Workgroup</p> <p>This request will be presented by the Proposer to the Panel on dd mmm yyyy <i>(Code Administrator to provide date)</i>.</p>
	<p>High Impact: <i>(Proposer to identify impacted parties)</i></p> <p>Here</p>
	<p>Medium Impact: <i>(Proposer to identify impacted parties)</i></p> <p>Shippers, Transporters and CDSP</p>
	<p>Low Impact: <i>(Proposer to identify impacted parties)</i></p> <p>Here</p>

Guidance On The Use Of This Template:

This is a modification template that the Proposer is asked to complete.

All parts other than the Solution (which is "owned" by the Proposer) may be refined by the workgroup process where relevant. A separate checklist is available to help identify impacts that, if material, should be recorded in this template.

If Ofgem are currently conducting a Significant Code Review (SCR), a modification may not be proposed if the subject matter relates to the SCR, unless Ofgem directs otherwise. Please do not, therefore, raise modifications that relate to the SCR without first talking to Ofgem.

If the impact of the modification on greenhouse gas emissions is likely to be material, please assess the quantifiable impact in accordance with the Carbon Costs Guidance (published by Ofgem).

The Joint Office is available to help and support the drafting of any modifications, including guidance on completion of this template and the wider modification process. Contact: enquiries@gasgovernance.co.uk or 0121 288 2107.

Please contact Xoserve when drafting any modification that impacts central systems. They will be available to help and support the drafting of any modifications that impact central systems, including guidance on potential systems impacts and the drafting of business rules, which reflect system capabilities. Contact: commercial.enquiries@xoserve.com.

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2 Impacts and Costs	5	 enquiries@gasgovernance.co.uk
3 Terms of Reference	8	 0121 288 2107
4 Recommendation	9	Proposer: Insert name
About this document:		 email address
<i>Please provide proposer contacts. The Code Administrator will update the contents and provide any additional Specific Code Contacts.</i>		 telephone
This document is a Request, which will be presented by the Proposer to the panel on dd month year.		Transporter: Insert name
The Panel will consider the Proposer's recommendation, and agree whether this Request should be referred to a Workgroup for review.		 email address.
		 telephone
		Systems Provider: Xoserve
		 UKLink@xoserve.com
		 telephone
		Additional contacts: Insert name
		 email address.
		 telephone

Comment [XO1]: Proposal drafted by Xoserve UIG Task Force, awaiting UNC Party to sponsor

1 Request

The following paragraphs should be completed by the Proposer, be brief and in plain English using the standard styles for body text, bullets and numbered paragraphs as required.

Why is the Request being made?

The Proposer should concisely give the main reason for the Request.

This request is being proposed by [name of party TBC] to review the impacts of the use of a single national standard volume-to-energy conversion factor (also sometimes referred to as a “Correction Factor”), and identify options to address the impacts on settlement accuracy (including allocation, reconciliation and Annual Quantities – AQs) due to differences between actual temperature, altitude and pressure, compared to the assumed values in the standard factor.

The Issue

All sites under 732,000 AQ should have a single industry standard conversion factor specified in the Gas (Calculation of Thermal Energy) Regulations (also referred to as a Correction Factor). The standard factor of 1.02264 accounts for an assumed average temperature, pressure and altitude.

Warmer gas will have a greater metered volume than cooler gas, and gas at higher altitude will have a greater metered volume than gas at a low altitude. It should be noted that the Allocation of Unidentified Gas Expert (AUGE) assesses the impact of altitude to be negligible compared to temperature.

The Xoserve Unidentified Gas (UIG) Task Force (as established by UNC Modification 0658) has identified that the issue of using a standard conversion factor (logged as Issue 12.2 by the Task Force) has the potential to cause UIG each day, in general increasing UIG in colder weather and reducing it in warmer weather. Depending on the actual weather experienced, the impacts may not net out to zero across any given year, which could result in AQs being incorrect, which would have a further impact on daily Non-Daily Metered (NDM) Allocation and therefore UIG.

The Impacts

1. NDM Profiles

- NDM Profiles are based on reactions of the NDM Sample to weather
- Demand from the NDM Sample in End User Categories (EUCs) 01 to 03 is calculated using a standard conversion factor – demand is understated when colder, overstated when warmer
- This in turn understates NDM Allocation in winter, overstates in summer
- This could be contributing to the general trend of positive UIG in winter and low/negative UIG in summer (as seen in pre-Nexus simulations)

2. Meter Point Reconciliation

- When meter readings are received, cold weather demands are understated, warm weather demands are overstated
- This will give an incorrect seasonal profile, especially for monthly read sites, as cold weather demands will be understated and warm weather demands will be overstated
- UIG impacts from NDM Allocation for EUCs 01 to 03 will persist after meter point reconciliation, especially for sites which are read monthly

3. Annual Quantities

- Analysis suggested that the annual impact is non-zero and is a small positive contributor to Unidentified Gas
- This is highly dependent on the actual weather and other considerations such as meter location and rates of gas flow
- Any impacts on AQs would also flow into subsequent NDM Allocation

Discussions to date

This topic has been discussed twice at UNC UIG Work stream, firstly at the UIG Task Force Recommendations Walkthrough on 28 January 2019, and also at the normal UIG Workgroup on 26 February. Whilst these two sessions were a useful opportunity to raise awareness of the topic, and to increase the level of understanding, attendees felt that there was too much complexity to deal with as part of a general Workstream meeting, and also that there were no obvious quick solutions to the problem.

It was suggested that a separate Review Group was the best approach to develop workable solutions to the problem.

Scope

The Proposer should concisely provide the scope of the Request.

The proposed scope of this review is to consider in detail the perceived impacts of the use of a standard conversion factor on the three areas highlighted above, to identify possible solutions/mitigations to the impacts, and to weigh up the relative benefits and disadvantages of those solutions/mitigations.

The review could use the work done by both the AUGE and the UIG Task Force (as established by UNC Mod 0658) as a start point, but should not be constrained by the options already identified.

Impacts & Costs

The Proposer should concisely state the key or potential impacts and costs to be considered in the Request. The Proposer should provide more information in section 2 if required.

Shippers and the CDSF are most likely to be impacted by any costs due to rule or process changes arising from this Mod. There is a possibility that consumer bills could increase or decrease, depending on location, if the conversion factor applied to their gas usage changes.

Recommendations

The Proposer should state whether the objectives of the Request and the reasons why it should be issued to a Workgroup for consideration.

It is recommended that this topic is referred to a separate UNC Workgroup, to allow proper discussion of the topic and development of solution options.

Additional Information

The proposer is to provide any additional information, which may support their Request.

Thermal Energy Regulations:

<http://www.legislation.gov.uk/ukxi/1996/439/regulation/3/made>

UIG Task Force, updated issue 12.2 summary:

<https://gasgov-mst-files.s3.eu-west-1.amazonaws.com/s3fs-public/ggf/2019-02/5.1%20Iss%2012.2%20UIG%20Wkgrp%20260219.pdf>

UIG Task Force, options analysis

<https://gasgov-mst-files.s3.eu-west-1.amazonaws.com/s3fs-public/ggf/2019-02/5.1%20Iss%2012.2%20Options%20Analysis.xlsx>

2 Impacts and Costs

Consideration of Wider Industry Impacts

None identified

Impacts

Impact on Central Systems and Process	
Central System/Process	Potential impact (Dependent on any proposed solutions)
UK Link	<ul style="list-style-type: none"> • Calculation of metered volumes and/or • Changes to Allocation processes to re-distribute any cross-subsidies and/or • Retrospective end-of-year settlement to re-distribute any cross-subsidies
Operational Processes	<ul style="list-style-type: none"> • TBC

Impact on Users	
Area of Users' business	Potential impact (Dependent on any proposed solutions)
Administrative and operational	<ul style="list-style-type: none"> • How Shippers calculate meter point consumptions
Development, capital and operating costs	<ul style="list-style-type: none"> • None
Contractual risks	<ul style="list-style-type: none"> • None
Legislative, regulatory and contractual obligations and relationships	<ul style="list-style-type: none"> • Could result in a change to secondary legislation (Thermal Energy Regulations)

Impact on Transporters	
Area of Transporters' business	Potential impact (Dependent on any proposed solutions)
System operation	<ul style="list-style-type: none"> • Could result in a change to the way that LDZ energy inputs are measured (one of the possible options)
Development, capital and operating costs	<ul style="list-style-type: none"> • None
Recovery of costs	<ul style="list-style-type: none"> • Could result in Distribution Network Operators including a charge for differences between standard and actual weather within their charges (one of the possible options)
Price regulation	<ul style="list-style-type: none"> • Unknown at present
Contractual risks	<ul style="list-style-type: none"> • Unknown at present

Impact on Transporters	
Legislative, regulatory and contractual obligations and relationships	<ul style="list-style-type: none"> • Could result in a change to secondary legislation (Thermal Energy Regulations)
Standards of service	<ul style="list-style-type: none"> • None

Impact on Code Administration	
Area of Code Administration	Potential impact
Modification Rules	<ul style="list-style-type: none"> • None
UNC Committees	<ul style="list-style-type: none"> • None
General administration	<ul style="list-style-type: none"> • None
DSC Committees	<ul style="list-style-type: none"> • None

Impact on Code	
Code section	Potential impact
	<ul style="list-style-type: none"> • Section M (possibly) • Others dependent on any proposed solutions

Impact on UNC Related Documents and Other Referenced Documents	
Related Document	Potential impact
Network Entry Agreement (TPD I1.3)	<ul style="list-style-type: none"> • None
General	Potential Impact
Legal Text Guidance Document	<ul style="list-style-type: none"> • None
UNC Modification Proposals – Guidance for Proposers	<ul style="list-style-type: none"> • None
Self Governance Guidance	<ul style="list-style-type: none"> • None
	<ul style="list-style-type: none"> •
TPD	Potential Impact
Network Code Operations Reporting Manual (TPD V12)	<ul style="list-style-type: none"> • None
UNC Data Dictionary	<ul style="list-style-type: none"> • None
AQ Validation Rules (TPD V12)	<ul style="list-style-type: none"> • None
AUGE Framework Document	<ul style="list-style-type: none"> • Dependent on any proposed solutions
Customer Settlement Error Claims Process	<ul style="list-style-type: none"> • None
Demand Estimation Methodology	<ul style="list-style-type: none"> • None

Impact on UNC Related Documents and Other Referenced Documents	
Energy Balancing Credit Rules (TPD X2.1)	• None
Energy Settlement Performance Assurance Regime	• None
Guidelines to optimise the use of AQ amendment system capacity	• None
Guidelines for Sub-Deduct Arrangements (Prime and Sub-deduct Meter Points)	• None
LDZ Shrinkage Adjustment Methodology	• None
Performance Assurance Report Register	• None
Shares Supply Meter Points Guide and Procedures	• None
Shipper Communications in Incidents of CO Poisoning, Gas Fire/Explosions and Local Gas Supply Emergency	• None
Standards of Service Query Management Operational Guidelines	• None
Network Code Validation Rules	• None
	•
OAD	Potential Impact
Measurement Error Notification Guidelines (TPD V12)	• None
	•
EID	Potential Impact
Moffat Designated Arrangements	• None
	•
IGTAD	Potential Impact
	• Dependent on any proposed solutions
DSC / CDSP	Potential Impact
Change Management Procedures	• None
Contract Management Procedures	• None
Credit Policy	• None
Credit Rules	• None

Impact on UNC Related Documents and Other Referenced Documents	
UK Link Manual	<ul style="list-style-type: none"> • None
	<ul style="list-style-type: none"> •

Impact on Core Industry Documents and other documents	
Document	Potential impact
Safety Case or other document under Gas Safety (Management) Regulations	<ul style="list-style-type: none"> • None
Gas Transporter Licence	<ul style="list-style-type: none"> • None

Other Impacts	
Item impacted	Potential impact
Security of Supply	<ul style="list-style-type: none"> • None
Operation of the Total System	<ul style="list-style-type: none"> • None
Industry fragmentation	<ul style="list-style-type: none"> • None
Terminal operators, consumers, connected system operators, suppliers, producers and other non code parties	<ul style="list-style-type: none"> • Dependent on any proposed solutions

3 Terms of Reference

Suggested Terms of Reference may be provided by the Proposer for consideration by the Panel

Background

Topics for Discussion

- Understanding the objective
- Assessment of alternative means to achieve objective
- Development of Solution (including business rules if appropriate)
- Assessment of potential impacts of the Request
- Assessment of implementation costs of any solution identified during the Request
- Assessment of legal text.

Outputs

Produce a Workgroup Report for submission to the Modification Panel, containing the assessment and recommendations of the Workgroup including a draft modification where appropriate.

Composition of Workgroup

The Workgroup is open to any party that wishes to attend or participate.

A Workgroup meeting will be quorate provided at least two Transporter and two User representatives are present.

Meeting Arrangements

Meetings will be administered by the Joint Office and conducted in accordance with the Code Administration Code of Practice.

4 Recommendations

Proposer's Recommendation to Panel

The Proposer invites the Panel to:

- DETERMINE that Request 0XXX progress to Workgroup for review.