



UIG Task Force Investigation Findings

**12.1: Use of Standard Conversion Factor
for NDM sites with AQ >732,000 kWh**

**12.3: Use of Non-Standard Conversion
Factor with AQ <732,000 kWh**

Summary of Findings – 12.1

Area & Ref #	Use of standard conversion factors for NDM sites >732,000 kWh AQ (Ref # 12.1)
UIG Hypothesis	All sites of this size should have a specific conversion factor (CF) based on altitude, temp and pressure rather than the industry standard value. Any difference between the standard value and a more accurate value would mean that gas was under- or over-metered and would contribute to UIG. Once the reads have been used to calculate an AQ, Nominations and Allocations would also be affected.
Data Tree References	Meter Asset Details

Findings Status	Closed
UIG Impact Peak Volatility %	N/A
UIG Impact Annual Average %	0.1%
Confidence in Percentages	Medium

Findings	Approach to analysis
<p>Comparison to average of specific CFs in each LDZ suggests an annualised error of 7.4% on consumption of affected sites (under-statement of actual usage, due to incorrect conversion to energy).</p> <p>Only around 15% of eligible sites have a standard CF but this is a relatively small section of the market (c. 1% of total AQ) - UIG estimate 0.1% of total throughput.</p> <p>Note that the confidence level is only medium, as these individual sites may not fit the LDZ average: if they are outliers in terms of geography or operating temperature, then this estimate will be inaccurate.</p>	<p>Extracted site details of all sites (with live Shipper contracts) and calculated an average conversion factor per LDZ for those sites with non-standard conversion.</p> <p>Estimated impact on daily UIG for sites awaiting a site-specific conversion factor, by calculating the difference in allocated energy between the average of the non-standard conversion factors in the LDZ and the standard conversion factor, as used for that site.</p>

Summary of Findings – 12.3

Area & Ref #	Use of a non-standard conversion factor for all NDM sites with AQ <732,000 (Ref # 12.3)
UIG Hypothesis	All sites under 732,000 AQ have a single industry standard conversion factor (CF) specified in legislation. Some sites below that threshold have a non-standard factor. Any difference between the standard value and the site-specific value would mean that gas was under- or over-metered and would contribute to UIG. Once the reads have been used to calculate an AQ, Nominations and Allocations would also be affected. (This is separate to the assessment of the impact of using a single standard national conversion factors, which is covered Ref#12.2)
Data Tree References	Meter Asset Details

Findings Status	Closed
UIG Impact Peak Volatility %	N/A
UIG Impact Annual Average %	0.02% reduction in UIG
Confidence in Percentages	Medium

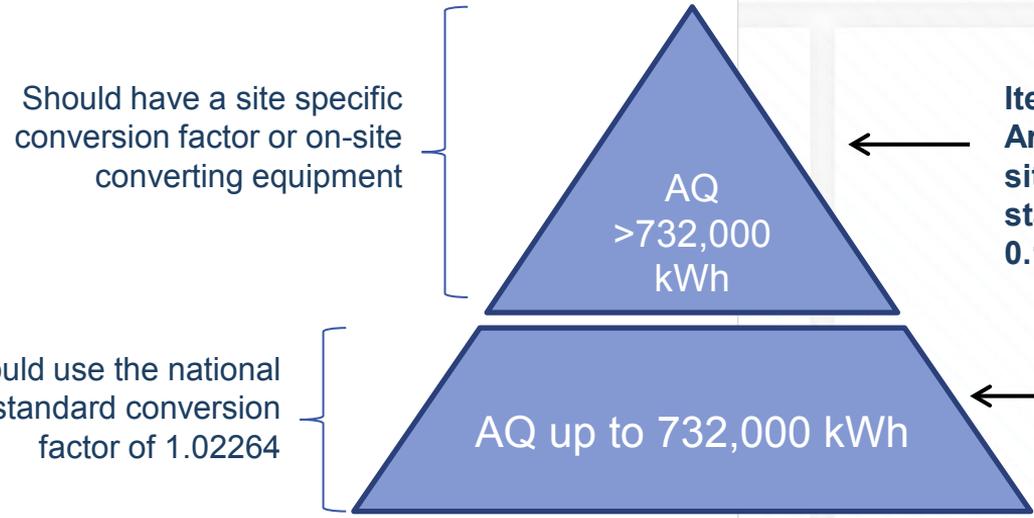
Findings	Approach to analysis
<p>Comparison of specific CFs to the national standard figure highlighted 10,000 sites affected, all with AQ <732,000 kWh. Average overstatement of AQ of 3.77% for those sites. Net impact is reducing UIG by 0.02%.</p> <p>Note that the confidence level is only medium, as these individual sites may have an incorrect AQ, and should be above the 732,000 threshold, or have not had an erroneous CF for long enough to impact the AQ.</p>	<p>Extracted site details of all affected sites (with live Shipper contracts) and their AQs. Calculated a revised AQ by adjusting for the difference between the standard national conversion factor and their non-standard conversion factor.</p> <p>Estimates assume that the incorrect conversion factor has been in use long enough for it to have fed through into the AQ.</p>

Supporting Evidence (1/1)

Graphic showing how Items 12.1 and 12.3 are related.

Statistics based on industry snapshots as at October 2018.

Item 12.1 is already covered in the monthly Shipper Performance Pack and Performance Assurance Reporting.



← **Item 12.1**
Around 5,000 eligible sites (15% of total) have a standard CF. UIG estimate 0.1% of total throughput.

← **Item 12.3**
Around 10,000 sites with non-standard CF. Net impact is reducing UIG by 0.02%, due to overstatement of AQ of 3.77%