



UIG Task Force Recommendations

Investigation Item 12.2
Standard Conversion Factors

Background

- **What is the finding?**

12.2 Use of standard conversion factors for NDM sites < 732,000 kWh AQ, regardless of variations in LDZ or geography

- All sites under 732,000 AQ should have a single industry standard *conversion factor* specified in legislation (also referred to as a *Correction Factor*)
- Any difference between the standard value and 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

- **How does it contribute to UIG?**

- Analysis of the impact of using actual temperatures instead of the standard 12.2 degrees in a colder than average LDZ indicates that the annual effect is non-zero, i.e. that summer over-recording of actual energy does not fully offset the winter under-recording of actual energy.
- Analysis of effect of standard v actual hourly temps on first year post-Nexus shows national impact of standard conversion is 0.4% additional UIG. Using actual temps would have reduced UIG by up to 3% on peak days and increased it by up to 4% on the warmest days.

Options to Address Finding 12.2 (Use of Standard national Conversion Factor)

No.	Option	Likelihood of Success	Implementation Lead Times
1.	No action (“Do Nothing” option)	Very low	N/A
2.	Use actual temperatures to convert consumptions used to develop the NDM Profiles (ALPs and DAFs)	Medium – improves daily allocation but does not correct calculation of metered energy or AQ	Short/medium – could be implemented for October 2019
3.	Influencing strategy to amend Thermal Energy Regulations	Unknown?	Probably long?
4.	Changes to UNC – see next slide	Medium to high	Medium to long

Possible UNC Modifications

No.	Option	Likelihood of Success	Implementation Lead Times
A.	Amend AUGE process to re-distribute UIG based on estimated impacts of conversion factors (forecast basis)	Medium/high – depending on actual weather for the year	Medium – requires governance changes but probably no system changes
B.	Retrospective adjustment to allocations based on actual weather for the year	Medium/high – depending on methodology applied	Medium to long depending on complexity of arrangements
C.	Introduce an LDZ level conversion factor (permanent/per year/per month)	Low to medium – depending on whether annual/monthly	Medium to long depending on complexity of arrangements
D.	Amend UNC/legislation to require site specific conversion for every site	Low to medium due to scale of workload	Short/medium – creation of capability only

Xoserve Recommendations

- Xoserve recommendation

2. Use actual temperatures in NDM Profile development

Short-term via Demand Estimation processes

Rationale: Other options would be complex and have unpredictable impacts – annualised impact is likely to be low
The revised ALPs and DAFs would also be used in AQ calculation, removing some of the annualised impact of this error

The logo for 'xserve' is centered within a stylized house outline. The house has a white background with a light blue diagonal line pattern. The house's roof is a simple triangle, and the main body is a rectangle divided into four vertical panes by thin grey lines. The text 'xserve' is rendered in a blue, sans-serif font. The 'x' is a dark blue, while the 'serve' is a lighter blue. The 'x' is composed of two overlapping chevron shapes pointing towards each other.

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