

iGT053 – Workgroup Report Introduction of annual updates to the AQ Values within the CSEP NExA table

01 April 2014

Background

npower raised a modification to the iGT UNC in July 2013 that was sent to a development group. The purpose of the modification was to introduce an enduring solution to facilitate annual updates to the AQ values held within the CSEP NExA table thus avoiding the requirement to raise a modification every year.

In line with the Demand Destruction noted by the Demand Estimation Sub Committee, the annual aggregate Non-Daily Meter AQ changes were reported as

3.4 % (reduction) in 2007/08
4.4 % (reduction) in 2008/09
9.0 % (reduction) in 2009/10
1.0 % (reduction) in 2010/11
5.8 % (reduction) in 2011/12
0.7 % (reduction) in 2012/13

There is sufficient evidence to suggest the CSEP NExA table should be updated on an annual basis. The DESC reports are included in the appendices 1-6 at the end of this report

The work group met on five occasions, 30th July 2013, 13th September 2013, 18th October, 10th December 2013 and 26th March. The minutes of which can be found on the www.igt-unc.co.uk website along with the original modification proposal and Terms of Reference for the development group.

Summary of key discussions

Below is a summary of the key discussions that took place in the development group for iGT 053.

Methodology

There was a question about the methodology that would be used, it was agreed by the group that the methodology to be used should be the same as that had previously been used in modification 392 and IGT40v.

Tolerance levels

There was a discussion around having a tolerance level set, so the table would only be updated if the value changed outside of a set tolerance, however this would have a massive effect on the settlements side. The group could not decide on a threshold/tolerance. This has been reviewed by previous workgroups and no one could agree what tolerance should be applied. Setting a tolerance level could therefore be seen as being counter-intuitive. The table needs to be refreshed so that the values are accurate and up to date. If a level should be set then iGTs would have to demonstrate the benefits for setting a tolerance level. The workgroup ruled in favour of no tolerances to allow the AQ values to be exact.

Spurious data / data issues

There were some concerns around spurious AQ's included within the data and that if they were included in the updated table this would not show a true reflection. After some discussion it was agreed that the amount of spurious AQ's were too low for it to be an issue.

The group discussed at length if and how the rules should restrict an automatic update to the CSEP NExA table should the data be erroneous. The concern was that there may be instances where the data is incorrect or where a Shipper has failed to submit readings during the AQ review phase. It was noted that the existing wording in the rules allowed data to be reviewed and discussed during the January iGT/Shipper Workgroup but this should only be used to highlight significant errors and not small anomalies.

It was highlighted that AQ data is used for other purposes other than just updating the CSEP NExA table, if there was such an issue with the quality of the AQ data being used it would be highlighted in other areas, and that this hadn't happened to date.

There were some further concerns around the quality of AQ data, it was noted that iGT's experience a number of erroneous AQ values which they have to challenge with the respective Shippers. Although iGTs could not quantify this, they advised that the figures were significant.

Another concern was that only a subset of data would be used for updating the CSEP NExA table and wouldn't offer the complete picture. It was explained that Modification is about using the most up to date data available and whilst there may always be challenges to some of the data, to do nothing with data that was largely accurate and reflective of recent consumption patterns would mean the group would not be doing their best for the customer. Shippers confirmed that they already have an incentive to ensure AQ data is as accurate as it can be. The group all agreed that using accurate and reflective data was the correct thing to do

Appeals and consultation process

The issue over the automatic updates and questions about what would happen if the values that were populated in the table were incorrect were discussed. It was questioned what happens in the current world between AQ review (November) and the review meeting that is held in January. This time could be used for reviewing the AQ values that would be submitted to update the table with?

An iGT questioned the relevance of a review meeting that would not have any impact on the final AQ values due to the process of updating AQ values being fully automated, for example, where a part of the AQ review process was determined, subsequent to the completion, to have been flawed, the ability to amend those AQ values was no longer possible.

It was envisaged that the review meeting would still take place as this could be a good way to highlight any issues etc. The proposer would look to create a process that could be followed should industry agree that the values from the AQ review are incorrect which would prevent the NExA table being updated until the values were amended. If there are objections/appeals/discrepancies/spurious data, this would be the opportunity to appeal/challenge the data, with a view that iGTs/shippers can re-submit their AQ data in time for a March iGT review group

Nexus

It was highlighted that from Oct 2015 the updating of the CSEP NExA tables would most likely come under the IAD; this could mean that the associated change to be raised to the large transporters UNC may only be valid for one year. Even though the table will come under the IAD it will still need updating on a yearly basis and this modification will provide the enduring solution post nexus. It was suggested by the group that a fixed date each year would be agreed and that's the date that would be used for the table to be updated.

The group also acknowledged that a further modification may be required once Nexus has been implemented and the new Rolling AQ processes are understood in greater detail.

Implementation lead times

There were discussions around the implementation timescales and iGTs requested a 4 to 6 month lead time. iGTs asked the development group to take into account the fact that Asset Values were offered to their customers (developers) on the basis of the values contained within the NExA table. If these values were to make a sharp rise or fall, iGTs would need to revalidate all outstanding Asset Values offered to developers.

The business rules have been developed to accommodate a 4 to 6 month lead time

Alignment of co-relating iGT modifications

The group discussed aligning iGT modifications 057S – creating a CSEP NExA ancillary and iGT 060 – CSEP NExA update following 2013 AQ review. As all three modifications co-relate it would seem a sensible approach that the three modifications were aligned and it is anticipated the iGT code administrator would be able facilitate any relevant activities accordingly. The group would also request the modification panel to take this into consideration.

Another consideration the group gave was that iGT 053 would have to be implemented no later than 1st October 2013 for the mod to be effective in time for the next AQ review in order for the process to work

Other considerations

The group questioned as to why an automatic change was required as this goes against the work carried out by the IGT040V development group. The previous development work group concluded that a new table would be drafted and discussed annually and should a party wish to raise the change, they were free to do so. The proposer of this modification feels that this is an inefficient process and would like to see a more effective solution where maintenance of the CSEP NExA tables is as up to date and reflective of current consumption patterns as possible, especially as this is ultimately reflected in Customers bills.

The group agreed that the workgroup would vote on the automatic update of the CSEP NExA and then send the outcome of the vote to the panel. The panel would take the final vote. It was agreed that the workgroup/panel would be best placed to make the final decision as they are the industry experts. And that the table would be updated on a yearly basis unless there were 4 votes against it.

It was agreed that iGT 053 would provide an enduring solution and that figures from the 2013 could not be used in time for 2014 implementation and a separate modification would need to be raised to update the table using the 2013 figures.

Business rules and Legal text

Once the group agreed on the intent of the modification, the business rules were then developed following on from the group discussions and the RFI issued to the group.

The business rules can be found [on the www.igt-unc.co.uk](http://www.igt-unc.co.uk) website

The legal text which was supplied by the transporters was reviewed and the group seemed happy with the wording. It was confirmed that another review of the legal text would take place and the transporters would make any final amendments. Legal text would need to be included within the workgroup report.

A copy of the legal text is included in appendix 7 at the end of this report

Recommendation to the iGT UNC panel

The panel is invited to consider the modification proposal and this report along with the group's recommendation to send the modification proposal out to consultation with an implementation date of 1st October 2014.

The group would also recommend the alignment of the implementation release dates of iGT 053, iGT 057 and iGT 060 to be taken into account subject to the modifications being approved

Appendices

The following appendices 1-6 are the evaluation of algorithm performance reports taken from the DESC committee depicting the reducing consumption figures. Please refer to table 3.10 Aggregate NDM AQ's

Appendix 7 is the legal text provided by the pipeline operators

2007/08 (Appendix 1)



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2008/09 (Appendix 2)



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2009/2010 (Appendix 3)



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2010/2011 (Appendix 4)



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2011/2012 (Appendix 5)



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2012/2013 (Appendix 6)



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Legal Text (Appendix 7)



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