



## **UIG Task Force Recommendations**

Investigation Item 12.1, 12.3  
Site-Specific Conversion Factors

# Background

## • What is the finding?

### 12.1 Use of standard conversion factors for NDM sites > 732,000 kWh AQ

- All sites of this size should have a specific conversion factor (to convert volume to energy) based on altitude, temp and pressure rather than the industry standard value
- There are currently around 5,000 of c.26,000 eligible sites without a site-specific conversion factor.
- Around 18% of eligible sites have a standard CF but this is a relatively small section of the market (c.1% of AQ)

## • How does it contribute to UIG?

- Any difference between the standard value and a more accurate value would mean that the 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
- Comparison to average of specific CFs in each LDZ suggests an annualised understatement of 7.4% on consumption of affected sites
- UIG estimate 0.1% of total throughput (assumes all sites were in EUC04B, based on average AQ in dataset of 1.6m kWh).

# Background

## • What is the finding?

### 12.3 Use of non-standard conversion factors for NDM sites < 732,000 kWh AQ

- All sites of this size should have the industry standard value (not a specific conversion factor based on altitude, temp and pressure)
- Around 10,000 relevant sites, with a total AQ of 2.8bm kWh (c.5% of total market), have a specific CF
- The average AQ of the dataset is around 270,000 kWh, suggesting that many sites were previously eligible for a site specific conversion factor, and have not yet had an update back to the standard value, following AQ degradation (or the AQ may actually be erroneous and awaiting correction)

## • How does it contribute to UIG?

- Any difference between the standard value and a site-specific value would mean that the 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 effected.
- Comparison of standard CF to specific CFs for affected sites in each LDZ suggests an annualised error of 3.77% on consumption of affected sites.
- This is currently reducing UIG by 0.02%

# Options to Address Findings 12.1 & 12.3

No.	Option	Likelihood of Success	Implementation Lead Times
1.	No action (“Do Nothing” option)	Very low	N/A
2.	Engagement with Shippers – highlight the individual sites, provide support, encourage action to update correction factors. Xoserve to monitor monthly and notify relevant Shippers	Low to medium – requires Shipper co-operation	Short to medium
3.	PAC reporting and monitoring – add new reports to Performance Assurance Report Register for 12.3 (already exists for 12.1)	Low to medium – requires Shipper co-operation	Medium
4.	Notify Ofgem of individual sites and Shippers	Low to medium – requires Shipper co-operation unless Ofgem can apply any financial leverage	Short to medium
5.	Changes to UNC – see next slide	Medium to high	Medium to long

## Possible UNC Modifications to Address Finding 12.1 (Standard Conversion Factor used where AQ >732,000 kWh)

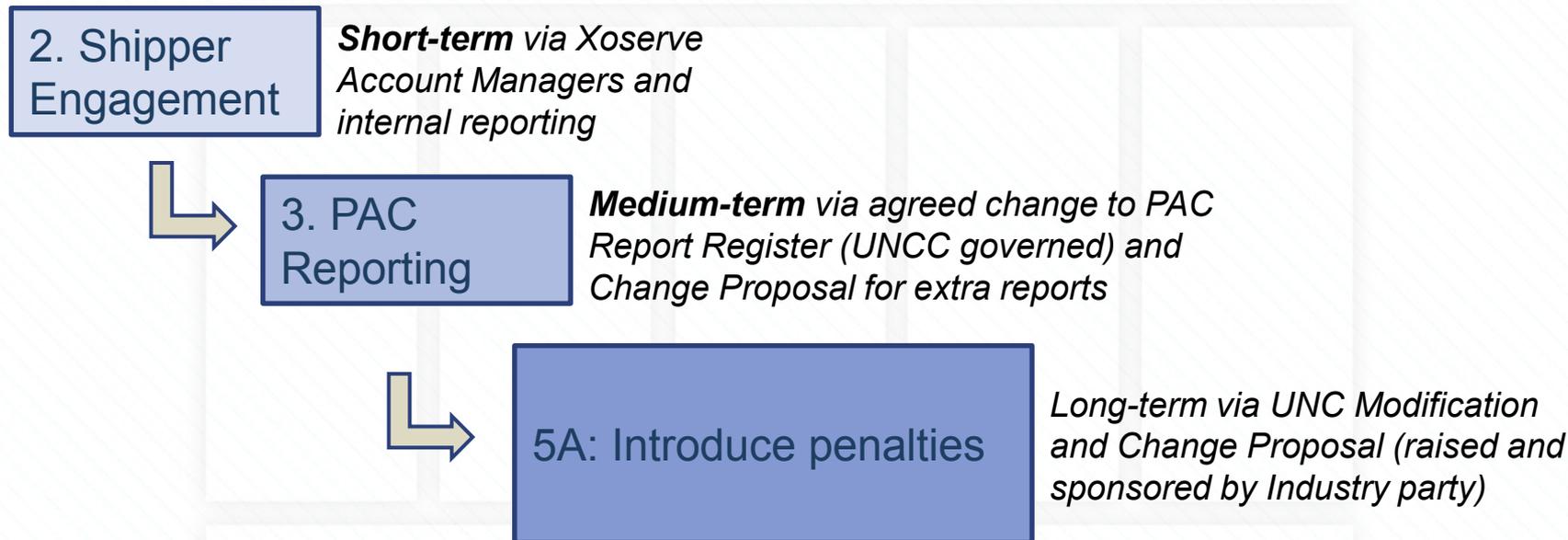
No.	Option	Likelihood of Success	Implementation Lead Times
A.	Introduce incentives or penalties on inappropriate CFs as an addition to the existing PAC reports	Medium/high – depending on the size of the incentive.	Medium/long – UNC Mod timescales plus system changes
B.	Introduce new process to allow Xoserve to liaise with MAM to obtain the new correction factor – either update UKLink or provide to Shipper to update	Medium/high – depending on the support of the MAM/ Shipper	Medium/long – UNC Mod timescales plus system changes
C.	Introduce new process to allow Xoserve to trigger either a desktop process or a site visit to obtain the new correction factor – either update UKLink or provide to Shipper to update	Medium/high – depending on the success of site visits	Medium/long – UNC Mod timescales plus system changes

## Possible UNC Modifications to Address Finding 12.3 (Non-Standard Conversion Factor used where AQ <732,000 kWh)

No.	Option	Likelihood of Success	Implementation Lead Times
D.	Introduce incentives or penalties as an addition to the new PAC reports	Medium/high – depending on the size of the incentive.	Medium/long – UNC Mod timescales plus system changes
E.	Default the Conversion Factor to standard when the AQ drops below 732,000 [after a qualifying period]	Medium/high – depending on length of any qualifying period	Medium – UNC Mod timescales plus system changes

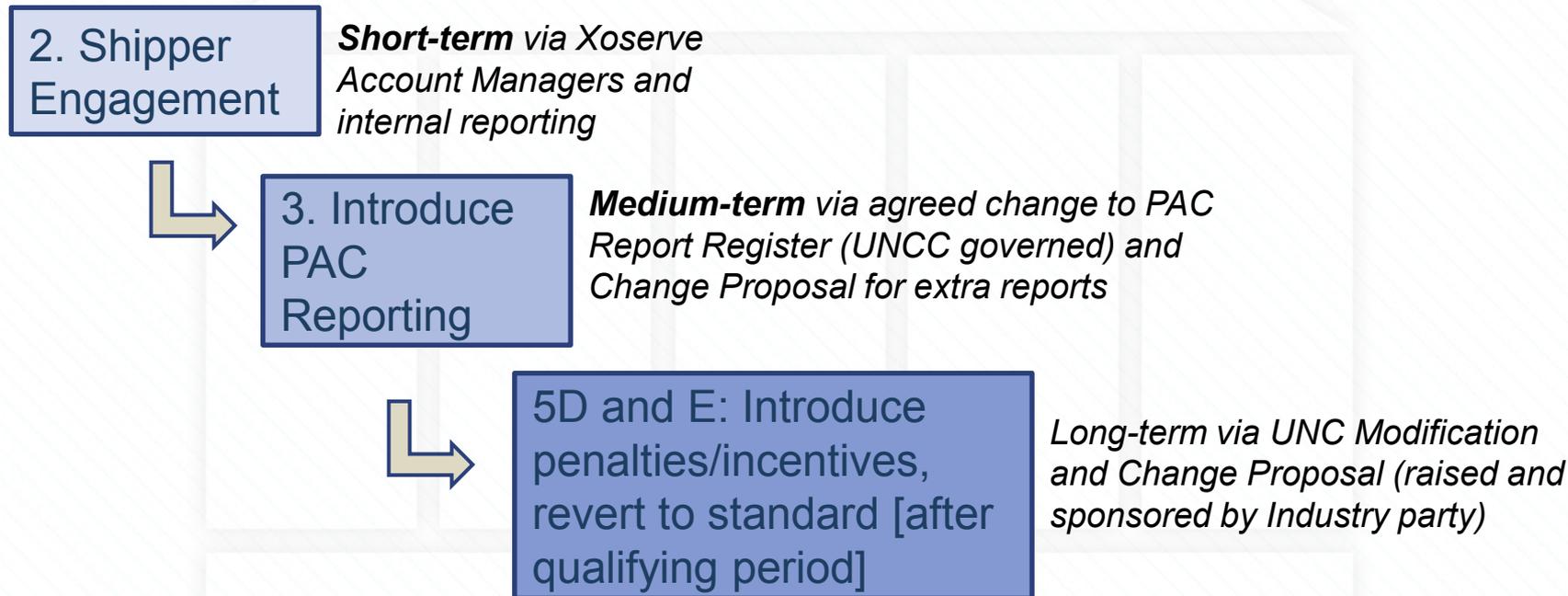
# Xoserve Recommendations – 12.1 (Standard Conversion Factor used where AQ >732,000 kWh)

- Xoserve recommendation – combination of activities



# Xoserve Recommendations – 12.3 (Non-Standard Conversion Factor used where AQ <732,000 kWh)

- Xoserve recommendation – combination of activities



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 logo itself consists of the word "xserve" 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 shapes that resemble arrows pointing towards each other.

xserve