What are WAR bands?
How and when are they derived?
How can they be challenged?

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Contents

EUC & WAR Overview

- NDM Energy is allocated into Gemini via an aggregated End User Category “EUC”
- All Supply Meter Points “SMP” will be assigned to an EUC based on their LDZ and the SMP AQ value
- EUC’s treat all NDM sites within their aggregation the same for nomination and allocation purposes
- Each EUC has its own Annual Load Profile “ALP” and Daily Adjustment Factor “DAF” created using daily read data from an NDM Sample
- Each LDZ has 33 individual EUC values covering 9 different AQ Bandings. AQ Bands 3 to 8 have a further 4 sub-divisions for the Winter Annual Ratio “WAR” bands, giving a total of 429 individual EUCs
- WAR Bands are derived by the SMPs Winter Consumption “W/C”
- The WAR for a gas year is calculated based on reads loaded during the months of the previous winter
- This WAR calculation is based on the ratio of the SMP consumption from December to March in relation to its AQ *(Winter Consumption / AQ)*. So the W/C value a percentage/Ratio of the AQ consumption over the winter period
- If the required meter reading information is not available to calculate a WAR, the SMP is instead, allocated to a default or “bucket” EUC code (non-WAR Band)

EUC & WAR Overview continued…

- A revised EUC Code is applied annually on 1st October. The EUC Code is used to determine the profile within the AQ calculation
- The EUC code then determines the SMP's Load Factor
- The Load Factor then determines the supply point's SOQ. Therefore, ultimately the SOQ for NDM's / class 3/4 supply points will be determined by its WAR band
- However where there is no valid winter consumption value the SMP will be allocated into the default EUC band
  - As a result of changing the EUC the SOQ will be re-calculated
  - This will influence the Gas Transportation cost and make it more reflective of the peak day usage
- The WAR band of the supply point will determine the EUC code allocated – for example for gas year 17/18, a SMP with an AQ > = 293,001kWh and <= 732,000 Kwh would have one of the following EUC Code: E1703B (bucket) or E1703W01, E1703W02, E1703W03 or E1703W04 (WAR Bands)

WAR Allocation Example

The below table is a visual reference to demonstrate the relation between the EUC and WAR bands

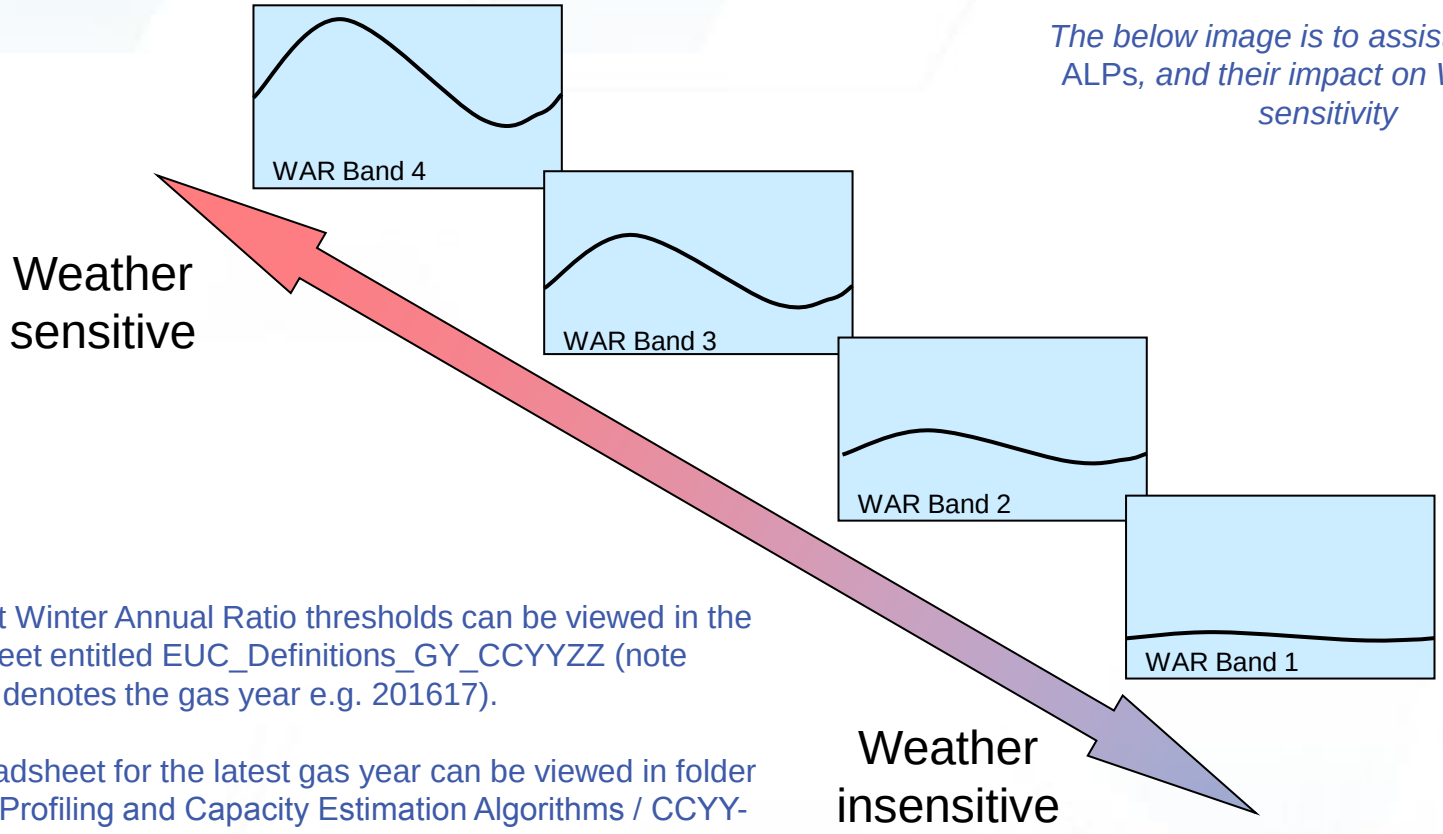
(AQ Bands 1,2 and 9 are not eligible for a WAR bands , this will be because of the AQ and MRF values of the SMP)

AQ Band		EUC	WAR Band 1	WAR Band 2	WAR Band 3	WAR Band 4
03	293,001 - 732,000	xx:E1703W0y	**0.000 - 0.421**	0.422 - 0.491	0.492 - 0.573	0.574 - 1.000
04	732,001 - 2,196,000	xx:E1704W0y	0.000 - 0.421	0.422 - 0.491	0.492 - 0.573	0.574 - 1.000
05	2,196,001 – 5,860,000	xx:E1705W0y	0.000 - 0.373	0.374 - 0.445	0.466 - 0.521	0.522 - 1.000
06	5,860,001 - 14,650,000	xx:E1706W0y	0.000 - 0.346	0.347 - 0.410	0.411 - 0.494	0.495 - 1.000
07	14,650,001 - 29,300,000	xx:E1707W0y	0.000 - 0.333	0.334 - 0.366	0.367 - 0.434	0.435 - 1.000
08	29,300,001 - 58,600,000	xx:E1708W0y	0.000 - 0.333	0.334 - 0.366	0.367 - 0.434	0.435 - 1.000

Example: If a SMP had a Winter Consumption of 119,000 and an AQ of 400,000, the WC/AQ ratio would be **0.297** (119000/400000 = 0.297 this is calculated to 3 decimal places)) this would allocate the SMP into WAR Band 01 (because it is between 0.000 and 0.421) with an EUC value of 03

Winter Annual Ratio (WAR) Bands

The below image is to assist visualising ALPs, and their impact on WAR Band sensitivity



The latest Winter Annual Ratio thresholds can be viewed in the spreadsheet entitled EUC_Definitions_GY_CCYYZZ (note CCYYZZ denotes the gas year e.g. 201617).

The spreadsheet for the latest gas year can be viewed in folder '18.NDM Profiling and Capacity Estimation Algorithms / CCYY-ZZ Gas Year / 3. Demand Estimation Parameters / a. End User Categories and Derived Factors'.

Impact of missing or incorrect WAR values

Any missing or incorrect WAR bands will have impacts, examples of these are:

- If there is a missing or invalid W/C value, the SMP will be allocated to the default "bucket" band (B)
- If there in an incorrect W/C value, the SMP could be allocated to an 'inappropriate' WAR band
- Both of the above scenarios mean the daily nomination and allocation values for the SMP are less accurate, as they are using profiles and weather sensitivities which are not appropriate to them
- Less accurate allocation i.e. sites under or overstated, will have an impact to UIG levels
- The data that is presented in forums to the Industry such as PAC might be misleading

The below table demonstrates the relationship between the EUC Bands and the SMP (Rolling) AQ value

EUC Band	AQ Band	WAR Applicable
EUC Band 01	1 - 73,200	NO
EUC Band 02	73,201 - 293,000	NO
EUC Band 03	293,001 - 732,000	YES
EUC Band 04	732,001 - 2,196,000	YES
EUC Band 05	2,196,001 - 5860,000	YES
EUC Band 06	5,860,001 - 14,650,000	YES
EUC Band 07	14,650,001 - 29,300,000	YES
EUC Band 08	29,300,001 - 58,600,000	YES
EUC Band 09	58,600,000 – 99,999,999,999	NO

For information look up Q4 on Demand Estimation FAQs provides more information on WAR Band Ratios – Demand Estimation FAQs

Winter Consumption values

- A Winter Consumption (W/C) value is calculated for all live SMPs with an AQ value = > 293,001kWh
- In order for a WAR to be calculated, the SMP must have 2 valid reads within the W/C period
  - Start Read Between: 1st November and 31st December
  - End Read Between: 1st March and 30th April
- The Optimum Meter Read period to derive a W/C value is 1st November to 30th April, the W/C value is prorated over the optimum calculation period of 121 days
- The W/C calculation is undertaken in May. A derived W/C value will depend on the availability of a consumption profile based on the period above
  - If the W/C is not calculated, then a notification (warning) is generated, this offers an explanation as to why the W/C has not been derived
  - The SMP that does not have a W/C value will by default be allocated into a “bucket” EUC for the SMP AQ Banding
- The W/C calculation will be issued to the appropriate Shippers via the **NRL** file and this value will be applied on the 1st of October (if not corrected during September)
  - A **T50** record will be issued where there has been a successful calculation
  - A **T51** record will be issued with a explanation as to why the W/C failed to calculate
- Validation is undertaken to ensure the W/C value is never greater then the proposed AQ, if so the W/C will not be applied
  - The W/C validation could result in new **T51** record being issued

Winter Consumption Corrections

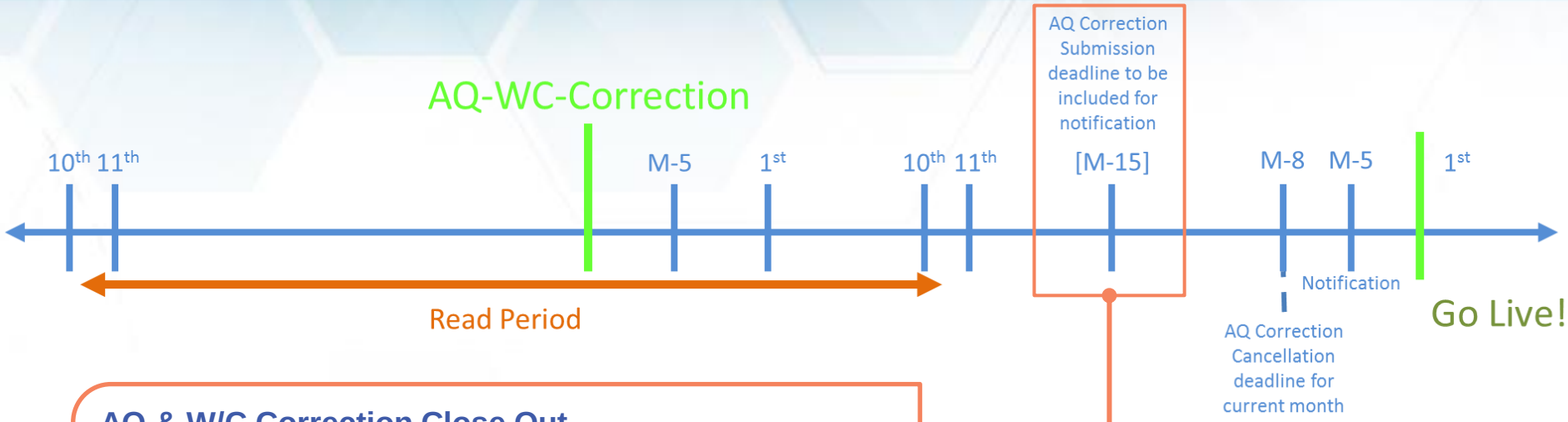
- The W/C value can be amended via the AQ & W/C correction process facilitated via the AQI File (C41 Record)
  - The C41 record will require the population of the Mandatory Fields as per the File Format
  - The Reason Request field should be populated with a value of 5
  - The Requested W/C is a shipper derived value that will not be validated, however if successful, will either populate or amend the current value (please ensure correct value is provided)
  - Any W/C corrections to be effective on the 1st October should be made in September's correction window

- The calculated W/C proposal will be validated against the AQ value, so if you are correcting both the AQ and W/C values then the order of your submission should be considered

- The W/C corrections will…
  - Become effective on the 1st of the month depending on the date of successful submission
  - The W/C correction process will not create a Backstop Date
  - The W/C correction cannot be cancelled, however multiple corrections can be submitted *(only the latest value within the correction window will be made effective)*

- Although EUC's are not used for DM sites, a Winter Consumption value is calculated in anticipation of the SMP changing Class

AQ Correction timeline



AQ & W/C Correction Close Out

- Latest Date the AQ & W/C Correction can be submitted to become effective on 1st of the next month
- AQ & W/C Corrections received after close-out will not be rejected but will be applied in the following month

Example

- AQ & W/C Correction is submitted and accepted on M-15 (Business days) in June (Close out Date) becomes effective on 1st July
- AQ Correction submitted after the M-15 becomes effective on 1st August

Terminology

Term	Abbreviation	Description
Formula Year	FYAQ11	Valid from 1st April to 31st March A snapshot of the AQ & SOQ value for Class 3 & 4 is taken in December each year. This will be the Formula Year AQ & SOQ used to drive the Transportation Rates
Winter Consumption	W/C	Winter Consumption is calculated and issued for review each May
End User Category	EUC	The EUC is determined by the AQ value (and Winter Consumption) A new EUC is assigned in September ready for the New Gas Year on 1st October
Notification to Shipper	NRL	Notification of Revisions to the SMP AQ value and Impacts of AQ calculation
Notification to Transporter	NNL	Notification of Revisions to the SMP AQ value and Impacts of AQ calculation

Terminology Continued…

Term	Abbreviation	Description
Supply Meter Point	SMP	A unique Identifier for a point at which a meter is, has been or will be connected to the gas network
Annual Quantity	AQ	The estimated amount of Gas consumed annually assuming seasonal normal weather conditions
Supply Meter Point AQ	SMP AQ	The AQ is calculated each month if a valid Meter Read has been received (Rolling)
Supply Off-take Quantity	SOQ	The estimated amount of Gas consumed on a day assuming peak cold weather conditions
Meter Class	Class #	Meter sites are classed as; Class 1 – Daily Metered, time-critical reads Class 2 – Daily Metered, time non-critical readings Class 3 – Daily Metered, batch readings Class 4 – Non-Daily Metered