














UNC Modification		At what stage is this document in the process?
<h1>UNC 0XXX:</h1> <p><i>(Code Administrator to issue reference)</i></p> <h2>Transfer of sites with low read submission performance from Class 2 and 3 into Class 4</h2>		<div style="display: flex; flex-direction: column; gap: 5px;"> <div style="border: 1px solid green; background-color: #2e8b57; color: white; padding: 2px; display: flex; align-items: center; justify-content: center;">01 Modification</div> <div style="border: 1px solid blue; padding: 2px; display: flex; align-items: center; justify-content: center;">02 Workgroup Report</div> <div style="border: 1px solid purple; padding: 2px; display: flex; align-items: center; justify-content: center;">03 Draft Modification Report</div> <div style="border: 1px solid orange; padding: 2px; display: flex; align-items: center; justify-content: center;">04 Final Modification Report</div> </div>
<p>Purpose of Modification: To create an obligation for shippers to move sites with low read submission performance from Class 2 and 3 into Class 4.</p>		
	<p>The Proposer recommends that this modification should be: <i>(delete as appropriate)</i></p> <ul style="list-style-type: none"> considered a material change and not subject to self-governance assessed by a Workgroup (or) <p>This modification will be presented by the Proposer to the Panel on dd mmm yyyy <i>(Code Administrator to provide date)</i>. The Panel will consider the Proposer's recommendation and determine the appropriate route.</p>	
	<p>High Impact: Shippers</p>	
	<p>Medium Impact: Transporters</p>	
	<p>Low Impact:</p>	

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Timetable			07557 170816
The Proposer recommends the following timetable: <i>(amend as appropriate)</i>		Transporter:	Insert name
Initial consideration by Workgroup	dd month year		email address
Amended Modification considered by Workgroup	dd month year		telephone
Workgroup Report presented to Panel	dd month year	Systems Provider:	Xoserve
Draft Modification Report issued for consultation	dd month year		UKLink@xoserve.com
Consultation Close-out for representations	dd month year	Other:	Insert name
Variation Request presented to Panel	dd month year		email address
Final Modification Report available for Panel	dd month year		telephone
Modification Panel decision	dd month year		

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1 Summary

What

This modification is being raised on behalf of the PAC.

Post Nexus delivery UiG is shared out using weighting factors determined by the AUGE, and currently less UiG is apportioned to class 2 and 3. However, poor read submission performance in these settlement classes does not improve the situation regarding temporary UiG, but hinders it further. The Performance Assurance Committee (PAC) has been monitoring the situation over recent months, and it has become clear that poor read submission can continue with no incentive (beyond code breach) to rectify the situation in the short term. For this reason the PAC is seeking to create additional incentives in this area to ensure shippers reach a minimum level of read submission performance.

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Why

At present, while read submission performance targets are clearly laid out in the UNC (Section M), there is no further incentive to ensure read submission performance reaches a suitable level . This modification seeks to create a link between read performance and the ability to enjoy reduced levels of UiG exposure. As it stands, without additional incentives, shippers are able to move large numbers of sites (with potentially high associated energy consumption) into these classes and therefore reduce UiG exposure.

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How

It is proposed that an obligation is created for shippers to move sites with poor read performance in class 2 and 3 back into class 4 until such time as they are able to meet the minimum read submission targets. If action is not taken after a certain time period, then an obligation would also be placed on the CDSP to move sites back into class 4.

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In addition, as a further disincentive for shippers to enter sites into class 2 and 3 without the ability to fulfil the read submission read requirements, it is proposed that a charge is created that is levied on shippers based on the period of low read submission performance. This charge will be described in the solution section.

2 Governance

Requested Next Steps

This modification should:

- be considered a material change and not subject to self-governance
- be assessed by a Workgroup (or)

3 Why Change?

As it stands currently, performance targets for read submission are clearly laid out in the UNC for all settlement classes. The current read submission for class 2 and 3 meters, stated in section M of the UNC, stands at 97.5% of a shipper's portfolio per day for class 2, and 90% of a shipper's portfolio per month for class 3. However, parties can benefit from lower UiG weighting factors by moving sites into classes 2 and 3, but with

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no incentive or link to minimum levels of read submission performance. Without this link, the additional reads available in these classes will not help the temporary UIG situation, but would further hinder it creating more unreconciled gas in these categories.

Since November 2017, the Performance Assurance Committee have been monitoring levels of read submission for classes 2 and 3 as the post Nexus settlement classes have been taken up by shippers. While take-up of class 2 remains relatively modest, there are some 120,000 meters currently in class 3. However, the post Nexus regime is now over one year old, and read submission performance remains poor, despite the CDSP offering and giving support to shippers to improve read submission levels. Given that this educative approach has not been successful to date, the PAC feels further incentives are needed in this area to improve read submission levels for the new settlement classes.

The most recent (anonymous) read submission levels are below (as at March 2018), with associated AQs indicating the potential level of energy affected by the issue.

Class 3:

Class 2:

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Shipper Short Code	Class 3 Aggregate AQ as at 01/02/2018	Number Of Class 3 SMRs as at 01/02/2018	Number Of Class 3 Accepted Reads Submitted Between 01/02/2018 and 28/02/2018	Number Rejected Submissions 01/02/2018 - 28/02/2018
151	2,193,633	13		250
242	43,019,500	1		25
538	719,168	1		0
617	2,295,334	12		268
212	2,345,742,577	13,638		6,305
314	72,478,166	6		0
121	15,573,626	2		0
223	827,866,234	57,417		307,137
181	3,124,972	18		14
456	806,137	2		2
272	435,953	2		4
920	912,841,858	6,421		3,601
Totals:	4,926,988,258	77,533		317,606

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Shipper Short Code	Class 2 Aggregate AQ as at 01/02/2018	Number Of Class 2 SMRs as at 01/02/2018	Number Of Class 2 Accepted Reads Submitted Between 01/02/2018 and 28/02/2018	Number Of Class 2 Rejected Submissions 01/02/2018 and 28/02/2018
823	317,714,234	26		979
151	35,397,171	1		75
303	55,041,415	1		178
212	128,506,300	5		140
132	43,022,657	1		28
333	1,381,924,334	70		4,156
272	100,959,345	8		196
920	37,278,633	2		202
343	82,395,816	3		196
Totals:	2,188,689,965	117		6,163

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4 Code Specific Matters

Reference Documents

To be added

5 Solution

New obligations

It is proposed that a new obligation is created in section M of the UNC that is linked to read submission performance. This is currently set at [97.5%] for class 2 and [90%] for class 3 – if read performance was lower than these levels for longer than [2] consecutive months, then the obligation would be triggered for that shipper to begin moving sites into class 4. Shippers would be able to move meters out of class 2 or 3 until such point that their portfolio was then

If sites had not been moved into class 4 [1] months after the trigger point, then an obligation placed on the CDSP would enable them to move the affected sites into class 4. So in essence, the shipper is able to remove sites with poor read performance from class 2 or class 3, until such point that read submission performance is achieved, but if this action is not taken, the CDSP would then take on the obligation to move meters out of the settlement classes (into class 4) until such point that the shipper's portfolio was submitting reads at the levels laid out in the UNC (97.5% for class 2 and 90% for class 3). It would also enable the CDSP to generate an estimate reading to apply to the date of class change. Furthermore, the obligation would be extended so that the affected shipper would not be able to move further (or move back) sites into class 2 or 3 until the read submission level had been maintained for [2] consecutive months.

MPRN selection for moving supply points into class 4

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Once initial read submission criteria outlined above have been breached, the decision lies with shippers which MPRNs they would register to class 4 in order for their portfolio to achieve the read submission target. However, once the timescale to achieve portfolio read submission has been breached, and the CDSP obligation to move affected MPRNs is triggered, the following business rules for CDSP MPRN selection would apply:

Tranche 1: MPRNs with read submission levels lower than 50% over the relevant period would be eligible to be moved to class 4. These would be moved in order of Rolling AQ (highest first).

Tranche 2: MPRNs with read submission levels of between 50% and 75% over the relevant period. These would be moved in order of Rolling AQ (highest first).

Tranche 3: MPRNs with individual read submission levels of between 75% and 100% over the relevant period. These would be moved in order of rolling AQ (highest first).

N.B. Individual read submission level would be measured as percentage of daily reads submitted on time across the relevant period.

Incentive Charge

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In order to further incentivise target read submission levels, and a further disincentive for shippers to register supply points into class 2 and 3 without adequate read submission capabilities, it is proposed that a charge is levied once supply points have been moved to class 4.

This charge would be applied using the following formula:

Total AQ * (AUGE weighting factor 1 – AUGE weighting factor 2) * estimated UIG kwh

Total AQ: the sum of the rolling AQ (at the point the obligation was breached) of the affected supply points. These would be related to the supply points that were moved by the shipper to meet the read submission target, or the supply points moved by the CDSP (if that obligation had been triggered).

AUGE weighting factor 1: the relevant AUGE weighting factor for the EUC band and class of the affected supply points during the relevant period. This is the weighting factor that was applied to the supply points in question.

AUGE weighting factor 2: the relevant AUGE weighting factor for the EUC band and class of the affected supply points during the relevant period, *but as it would have been applied if the supply point had been in class 4 at the time.*

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Estimated UIG kwh: the total of UIG (at allocation) estimated for the gas days across the relevant period.

The charge would be levied on an adhoc basis following notification of the breach of the obligation, and following completion of the remedial activity (shipper or CDSP supply point changes of class).

MPRN settlement class trialling exemption

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In addition, the solution would not seek to prevent shippers trialling meters in class 2 and 3 in order to be able to meet the read submission performance targets. For this reason, the obligations above would not be

applicable where a party had a population of meters in this class of less than [30] meters and [500,000 total AQ].

6 Impacts & Other Considerations

Does this modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

None identified.

Consumer Impacts

It should be noted that settlement products do not necessarily correlate to customer products (in that settlement read submission does not necessarily impact the type of product offered to the customer by a supplier). If this were to be the case, non-submission of meter reads could potentially be detrimental to the customer – this modification seeks to ensure that shippers are able to appropriately manage the expected performance levels before moving meters into these settlement classes.

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Cross Code Impacts

There may be an IGT UNC impact to consider, this should be considered in the workgroup.

EU Code Impacts

None identified.

Central Systems Impacts

There should be no central systems ~~impacts; the CDSP~~ already has the facility to move sites in bulk across settlement classes (if needed).

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7 Relevant Objectives

Impact of the modification on the Relevant Objectives:	
Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	None
b) Coordinated, efficient and economic operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters.	None
c) Efficient discharge of the licensee's obligations.	None
d) Securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers.	Positive

e) Provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards... are satisfied as respects the availability of gas to their domestic customers.	None
f) Promotion of efficiency in the implementation and administration of the Code.	Positive
g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	None

Demonstration of how the Relevant Objectives are furthered inserted here

8 Implementation

Implementation should be as soon as is practical.

9 Legal Text

To be provided.

10 Recommendations

Proposer's Recommendation to Panel

Panel is asked to:

- Agree that Authority Direction should apply
- Refer this proposal to a Workgroup for assessment.

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