

UNC DSC Change Management Committee Minutes
Thursday 29 November 2018
at Lansdowne Gate, 65 New Road, Solihull B91 3DL

Attendees

| | | | |
|---------------------------|------|--------------|------------|
| Chris Shanley (Chair) | (CS) | Joint Office | Non-Voting |
| Helen Bennett (Secretary) | (HB) | Joint Office | Non-Voting |

Shipper User Representatives

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|----------------|------|--------|----------------|
| James Rigby | (JR) | Npower | Class A-Voting |
| Kirsty Dudley* | (KD) | E.ON | Class A-Voting |

Transporter Representatives

Phil Lucas

| | | | |
|--------------|------|---------------|------------|
| Chris Warner | (CW) | Cadent | DNO-Voting |
| Phil Lucas* | (PL) | National Grid | |

CDSP Change Management Representatives

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| Emma Smith | (ESm) | Xoserve | Non-Voting |
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Observers

| | | | |
|-------------------|------|-------------------|------------|
| Alex Stuart | (AS) | Xoserve | Non-Voting |
| Fiona Cottam | (FC) | Xoserve | Non-Voting |
| Katherine Turner* | (KT) | Good Energy | Non-Voting |
| Lindsay Biginton* | (LB) | Utilita | Non-Voting |
| Louise Hellyar* | (LH) | Total Gas & Power | Non-Voting |
| Luke Reeves* | (LR) | EDF Energy | Non-Voting |
| Mark Jones* | (MJ) | SSE | Non-Voting |
| Michele Downes | (MD) | Xoserve | Non-Voting |
| Phil Lucas* | (PL) | National Grid | Non-Voting |
| Rhys Kealley* | (RK) | British Gas | Non-Voting |
| Rob Smith | (RS) | Xoserve | Non-Voting |

Apologies

Shaheeni Vekaria
Megan Coventry

1. Introduction

1.1. Apologies for absence

Please refer to the above table.

1.2. Alternates

Chris Shanley (CS) advised the attendees that there are no voting requirements in the agenda for this meeting, therefore, the necessity for any alternates is ruled out.

1.3. Confirm Voting rights

CS advised the attendees that there are no voting requirements in the agenda for this meeting, therefore, the requirement to confirm voting rights is not required.

2. UIG Reconciliation Charge issues update

Michele Downes (MD) introduced the presentation provided for the meeting and advised that the intention for this meeting is to advise the attendees of the issue; the root causes; estimated financial impacts and the actions that would be taken for resolution.

MD began by emphasising that Xoserve are very sorry that this issue has been identified. She explained that this has been caused mainly due to manual errors and that Xoserve understand it has caused big impacts to the Industry.

MD talked through the Issue Summary slide and pointed out that the issue of incorrect Unidentified Gas (UIG) reconciliation sharing and charges issued on the Amendment Invoice, does not have any impact on nominations and allocations and is therefore not impacting the current volatility and/or base levels that are being seen in national UIG levels.

MD confirmed that the cause of this issue is a manual error. The gas year 2017/18 is holding incorrect UIG weighting factors for End User Categories (EUC) Bands 02B for classes 2 & 3 and 07B for class 4, which did not match those as set by the AUGGE.

Fiona Cottam (FC) went on to explain how UIG is shared out:

- Each Shipper's daily gas usage ("throughput") is used as the basis of UIG Allocations each day, she explained that "throughput" is made up of daily measurements (Class 1 & 2) and allocations (Class 3 & 4).
- Actual daily usage is weighted using UIG Weighting Factors provided by the Allocation of Unidentified Gas Expert (AUGE) each year
- Once the Weighting Factors have been applied the result is referred to a "Weighted Throughput".

Using the information on slide 6 of the presentation, FC explained that Weighting Factors are used in sharing out UIG reconciliation each month and that UIG reconciliation is the equal and opposite of all individual reconciliations, the whole amount must be re-shared to ensure that the industry energy position remains "whole".

Continuing with the explanation of how UIG reconciliation is shared out, FC provided a view of the diagram that shows individual reconciliations (shown in red) that could go back to the Line-in-the-Sand (UNC Code Cut-Off Date). The Term 'incurred months', are the months Xoserve are sharing back over.

FC then showed an example of the calculation of Latest Throughput. She explained that when reconciliation is completed, there is also a need to update the weighted throughput based on the estimated month to which the reconciliation is related to.

It was confirmed that October 2017 was the first month where the incorrect calculation happened. The table on Slide 9 shows the latest view of the impacted months.

The second route cause begins in July 2018, the impacted months are also shown on the table on slide 9. This error persisted for a further 4 months.

It was originally thought that September 2018 was also incorrect, but this has since been proved to be correct, this is shown in bold in the table.

MD clarified the two separate issues:

- Issue 1: In November 2017 (for the October 2017 billing month) because of integration issues between Gemini and UK Link SAP
 - The table shown on slide 10 highlights the incorrect months for issue 1 and shows it happened in November 2017 for the October 2017 billing period, this was an integration issue between Gemini and UK Link.
 - A manual process has been implemented to get the correct values in to SAP.
- Issue 2: In August 2018 (for the July 2018 billing month), that also reoccurred in September 2018 (for August 2018 billing), which saw the UIG smearing job in UK Link initiated out of sequence.
 - MD explained that, when the meter point reconciliations are calculated, the business complete validations on the invoice charges. If any erroneous charges are identified on the invoice, they request IS Operations to remove the erroneous charge. Once this is completed, the invoice goes back to the business to trigger the UIG allocation charge. On this occasion, that trigger was pushed too early and IS Operations had not completed all their actions, which resulted in the error.

In reviewing the high-level view of the impacts, FC explained the re-apportionment looks to be less than £50,000 for the period October 2017 to September 2018.

Kirsty Dudley (KD) expressed her thanks to Xoserve for their honesty in explaining the issue; the cause and the resolution, James Rigby (JR) agreed.

The attendees discussed when it is best for Xoserve to communicate such findings in the future, before they have completed their analysis or once they have better idea of the impacts.

KD suggested it is better for the Industry to know as soon as an issue is identified rather than being kept in the dark.

JR asked if the UIG Taskforce will be looking at Reconciliation. FC advised that some modelling has been completed.

CS acknowledged that the Issue Management process is improving but that it is good to let the Industry know when issues are highlighted as sometimes issues takes longer to investigate than first thought.

MD took the attendees through a view of the UIG Correction Plan and the timeline that sits behind the activities. Rob Smith explained that if the approach for the October 2017 corrections is proven, then that this will be used across the whole process.

There are two options for issuing the adjustments, these will be emailed out and customers are asked to indicate their preferred option for delivery by Tuesday 4 December 2018.

Option 1 (recommended)

- Issue the adjustments for the whole period at the same time.
- Supporting information will be provided for each billing period
- The adjustments will be issued on 21st December 2018 via the Ancillary invoice process

This is the Xoserve preferred option, it is easier to issue to the industry sooner than option 2.

Option 2

- Issue the adjustments separately for each billing period.
- Supporting information will be provided for the relevant period
- The adjustments will be issued early February 2019 via the Ancillary invoice process

Option two will take longer to deliver.

It was confirmed that all Shippers need to have the same option and the majority preference will be chosen.

RS talked the attendees through the future prevention slide (15) which shows the short and long-term actions that are being considered, these are:

Short term actions:

- The functionality to trigger the UIG smear will be restricted to IS Operations and only following approval from business that all validations have completed
- New controls will be introduced to ensure any manual interventions or workarounds have appropriate governance and business validations before loaded into the system.

Longer term steps are around the root cause findings associated to the manual loading of information:

- Identify and test a mechanism to ensure no similar issues occur when manual intervention is required
- Review back up and restoration plans
- Better understand the behaviour seen in UK Link a dialogue will be held with SAP.

This concluded the Xoserve UIG Issues update.

ESm advised the attendees that the UIG Taskforce have identified short; medium and long-term recommendations and wanted to understand from the attendees, the preferred forum. This could be DSC Change Management Committee; published at Xoserve.com or a mixture of the two.

FC and Alex Stuart (AS) clarified there are a number of options that are coming out from the taskforce. It was agreed that these will be discussed at the DSC Change Management Committee in the first instance.

3. AQ Defects

MD gave an Amendment Invoice Taskforce update which is shown on slide 17 of the presentation material provided for this meeting.

When asked MD confirmed that the monetary volume will remain unknown until the calculation in reconciliation is completed.

The overall resolution plan was shown.

The benefits by volume and monetary value will be shared at the next Webex.

Production AQ defects update

MD explained that the plan and approach has been agreed with customers for the defect fix; consumption/energy correction and the re-calculation of the AQs.

Xoserve remain on target to correct AQs for all issues categorised as High and Medium before 1 December and the remainder will be corrected by 1 April.

There is one concern, which is change proposal XRN4740 which is related to check reads for AMR Meter Points where the AQ is calculated incorrectly, this affects potentially anything where AMR equipment is fitted.

A high-level report will be sent out before close of play Friday 30 November 2018. Xoserve are currently looking at options and the fix is due to be implemented in March 2019.

When asked MD clarified that all defects that Xoserve have not been able to fix, for every defect, they have sent out a list of MPRNs affected, except for those affected by XRN4740. She confirmed a report will be sent out showing what meter points are potentially affected by XRN4740.

4. Any Other Business

5. Diary Planning

Further details of planned meetings are available at: <https://www.gasgovernance.co.uk/events-calendar/month>

Meetings will take place as follows:

| Time/Date | Venue | Programme |
|-------------------------------------|--|--|
| 10:30 Wednesday 12 December 2018 | Lansdowne Gate, 65 New Road, Solihull B91 3DL | Standard Agenda items, and any other matters arising. |