










UNC Workgroup Report	At what stage is this document in the process?
<h1 data-bbox="134 322 730 416">UNC 0816S:</h1> <h2 data-bbox="134 450 1153 517">Update to AQ Correction Processes</h2>	<div data-bbox="1209 309 1473 622"> <div data-bbox="1209 309 1473 383">01 Modification</div> <div data-bbox="1209 389 1473 463">02 Workgroup Report</div> <div data-bbox="1209 470 1473 544">03 Draft Modification Report</div> <div data-bbox="1209 551 1473 624">04 Final Modification Report</div> </div>
<p>Purpose of Modification:</p> <p>This Modification proposes to add two further ‘eligible causes’ to the Annual Quantity (AQ) amendment process within TPD G2.3.21 and to prevent AQ amendments being processed where there is no change in value to the AQ.</p>	
<p>Next Steps:</p> <p>The Workgroup recommends that this modification should be subject to Self-Governance. The Panel will consider this Workgroup Report on 16 February 2023. The Panel will consider the recommendations and determine the appropriate next steps.</p>	
<p>Impacted Parties:</p> <p>Medium: Shippers, Distribution Network Operators, CDSP</p>	
<p>Impacted Codes:</p> <p>None identified at this stage</p>	

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Timetable		
Modification timetable:		
Pre-Modification Discussed	N/A	
Date Modification Raised	08 August 2022	
New Modification to be considered by Panel	18 August 2022	
First Workgroup Meeting	25 August 2022	
Workgroup Report to be presented to Panel	16 February 2023	
Draft Modification Report issued for consultation	17 February 2023	
Consultation Close-out for representations	10 March 2023	
Final Modification Report available for Panel	14 March 2023	
Modification Panel decision	20 April 2023	
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1 Summary

What

At present, the Uniform Network Code (UNC) currently allows for the amendment of a Supply Point Annual Quantity (AQ) due to four eligible causes defined within [TPD G2.3.21](#). The current eligible causes for amending an AQ are theft of gas, change in consumer plant, commencement of new business or discontinuance of an existing business activity and tolerance change.

This Modification seeks to add two further eligible causes, which are Erroneous AQ based on read history and Change in operation and/or use.

The eligible cause Erroneous AQ based on read history is intended to be utilised where a Supply Meter Point (SMP) has a read history outside of the current Registered User's ownership which is not representative of the current usage of the SMP, the User may utilise an Erroneous AQ based on read history AQ Correction.

The eligible cause Change in operation and/or use is intended to be utilised where a SMP has changed in use resulting in a need for an increase or decrease in AQ, where there is no physical change of equipment or change of Shipper.

This Modification also seeks to prevent AQ amendments where there is only a de minimis change being made to the current AQ value.

Why

The [0783R – Review of AQ Correction Processes](#) was required in order to assess whether the current arrangements meet the objectives for the setting of the AQ and identify and consider possible amendments that are required to UNC. During the 0783R – Review of AQ Corrections Processes discussions, Distribution Workgroup looked at summary data of how current eligible causes are used, and whether the current eligible causes for utilising an AQ amendment are fit for purpose.

It was identified that two further eligible causes are necessary for Users to utilise in order to submit AQ corrections. It was felt that this would also improve the overall accuracy in use of the AQ corrections process.

How

TPD Section G 2.3.21 will be amended to include the two further eligible causes, Erroneous AQ based on read history and Change in operation and/or use.

A change will also be required in order to prevent AQ corrections where there is a de minimis change being made to the current AQ value.

2 Governance

Justification for Self-Governance

Panel determined the modification is unlikely to have a material effect on “(bb) competition in the shipping, transportation or supply of gas conveyed through pipes or any commercial activities connected with the shipping, transportation or supply of gas conveyed through pipes”, due to simply updating existing AQ correction processes.

3 Why Change?

There are provisions within UNC for a User to make amendments to any of its registered Supply Point AQs where it believes that the AQ is not representative of its consumption over the following 12-month period. UNC outlines Eligible causes which a User can rely on when making such an AQ amendment.

Following the outcome of the Review Group [0783R - Review of AQ Correction Processes](#), two further eligible causes were identified as being necessary for Users in order to ensure that all eligible causes within Code are fit for purpose. The Review also identified a portion of AQ corrections being submitted which give no change to the AQ value. Participants of the Review therefore felt that it was necessary no longer allow such AQ amendments where there is a de minimis change.

As these are the outcomes from the Review Group, these are aspects of the AQ corrections process where currently the process is not providing the full scope of eligible causes a User may require in order to submit an AQ amendment. By applying these changes which have been identified, the aim is to ensure that the AQ corrections process is fully fit for purpose.

4 Code Specific Matters

Reference Documents

[Uniform Network Code - Transportation Principal Document - Section G - Supply Points - 2.3.21](#)

[0783R - Review of AQ Correction Processes](#)

Knowledge/Skills

Nothing specific.

5 Solution

Business Rules:

BR1: A change is required to UNC TPD G2.3.21 to add two further eligible causes, Erroneous AQ based on read history and Change in operation and/or use, and to prevent AQ corrections where there is a de-minimis change in value for AQ for all eligible causes, with the exception of eligible cause 4 (TPD G2.3.22).

BR2 a): Erroneous AQ based on read history - Where a Registered User reasonably believes, in its sole discretion, that a Supply Meter Point (SMP) has a read history outside of the current Registered User's ownership which is not representative of the current usage of the SMP, the User may utilise an Erroneous AQ based on read history AQ correction.

BR2 b): As a mandatory requirement of submitting an Erroneous AQ based on read history AQ correction, the following criteria must be met:

- The confirmation effective date with the current shipper must be within 12 months of the date of the request, and
- The site's Annual Quantity must have increased by greater than 100% since the current shippers confirmation effective date.

Guidance note: Utilisation of AQ correction Erroneous AQ based on read history has no adverse impact on the previous Shipper as it is used only as a corrective action for the current User.

BR3 a): Change in operation and/or use - Where a SMP has changed in use resulting in a need for an increase or decrease in AQ, where there is no physical change of equipment.

Guidance note – To be utilised where there is not commencement of new business/discontinuance of business already covered within eligible causes (TPD G2.3.21 b) and c).

BR3 b): As a mandatory requirement of submitting a Change in operation and/or use, AQ correction, the User must submit Supporting Information stating the nature of the change of use to the SMP.

The following criteria must also be met:

- the site must not be vacant.

Guidance note – As an example, the User will state within the Supporting Information that the SMP has undergone a material change in operation or is changing in use resulting in 24/7 usage, therefore impacting on the AQ at the SMP.

BR4: Utilising any AQ correction to submit a value which is less than 5% different to the current AQ will not be allowed and the User will receive a rejection response, with the exception of Eligible cause 4 (TPD G2.3.22).

6 Impacts & Other Considerations

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

No Impact identified.

Consumer Impacts

The inclusion of two additional eligible causes will ensure that Users are provided with the necessary ways to submit AQ amendments more accurately. Whilst this does not directly impact consumers, this may have further downstream effects to consumers, ensuring that they are billed more accurately.

Workgroup Participants agreed that the Modification will increase transparency, scope and increase clarity in the AQ process. This should ultimately improve the data accuracy in the system which will ultimately be of benefit to consumers.

What is the current consumer experience and what would the new consumer experience be?

No impact identified.

Impact of the change on Consumer Benefit Areas:	
Area	Identified impact
Improved safety and reliability	None
Lower bills than would otherwise be the case	None
Reduced environmental damage	None

Improved quality of service	None
Benefits for society as a whole	None

Cross-Code Impacts

None Identified.

EU Code Impacts

None identified.

Central Systems Impacts

It is expected that there will be Central System impacts, the impact of the Modification Solution on Central Systems has been assessed at a high level so far.

Rough Order of Magnitude (ROM) Assessment

A ROM was received and reviewed at Workgroup in January 2023.

Enduring solution high-level indicative cost to deliver this change: £50,000 - £130,000. Dependencies include whether DDP element is delivered within a pre-set DDP Shipper release.

No ongoing costs anticipated at this stage.

Timescales: approximately 12 - 20 weeks with 3 weeks of Post Implementation Support.

It is expected that Workgroup will review this again in February or March 2023 before the Modification is sent out for consultation.

Performance Assurance Considerations

Existing reports in the PARR will need to be updated as a result of this Modification. The additional eligible causes will be included in the existing report. As part of the ROM the two new codes will be put into the report as part of this Modification and XRN 5607. Workgroup Chair has communicated with PAC to enable them to review and hopefully agree with this approach.

This Modification should improve meter read performance through improved data quality.

Panel Question

Question 1. Consider materiality relating to billing impact and therefore does the Modification continue to meet the Self-Governance criteria?

Workgroup assessed this question at its October 2022 meeting:

The Proposer noted that the User must submit Supporting Information highlighting the erroneous read(s) and date(s) within the SMP read history which is outside of the Registered User's ownership. The erroneous read(s) highlighted within the Supporting Information will be preventing an accurate rolling AQ being calculated.

The Shipper will need to demonstrate that it has exhausted alternative means before raising the AQ amendment.

The second proposal is to add a time limit so the reading can only to be submitted up to 12 months after a change of Supplier or Shipper which then aligns with the process. The Proposer suggested that the

AQ being corrected cannot be lower than the lowest AQ of the site historically or last accepted AQ prior to any change. Altogether this change in the Business Rules should mitigate issues, as a stronger validation process is being put in place.

In conclusion it was suggested that the Proposer make amendments and redraft the Modification Business Rule 2 (a):

- *Time limit of 12 Months for the validation to go through and also validation on AQ cannot be corrected – no lower than any previously “Lowest AQ” or lower than the last accepted AQ prior to the previous read*

The Proposer confirmed that the validation will be carried out by the CDSP.

The Proposer advised she will look into the validation around the reading not being lower than the previous lowest read, and not lower than the last read AQ. If a Shipper submits an erroneous lower AQ the subsequent read would not be accepted by UK Link, and therefore would fall into the PAC Performance management. The Proposer anticipated that the combination of both is enough mitigate concerns and maintain the justification for Self-Governance.

The second reason code proposed is for changed operation and Workgroup discussed what supporting evidence or validation may be available. The Proposer suggested there could be a “disclaimer” when Users submit amendment requests to state that has been a change in the site operation and Shipper attempts have been made to provide evidence of the changed operation. It was noted that this is different from reason code 3 as the justification is that there is some change to opening hours or a manufacturing process rather than any change to the equipment on site.

There followed some discussions as to whether this could make Modification 0819 redundant to some degree, as Shippers might use the easy way to amend the AQ under Modification 0816 instead of using the other code provided by Modification 0819.

It was queried that as there is no physical change in equipment, just change in use and for instance, seasonal operation sites could be changing strategy over a period of time within year falling within the AQ review period; Workgroup discussed whether this ability to amend the AQ up and down could create a loophole. It has been agreed that this Modification is the change of AQ on annual review, and these are occupied sites and not Vacant Sites and to avoid being used as a loophole, the Proposer might need to reconsider the change of use time limit, process decision etc.

Workgroup will further consider this Panel question at Workgroup in February or March 2023.

Workgroup Impact Assessment

Workgroup Participants noted that this Modification extends a process already overseen by the PAC and concluded that the risk of inappropriate use is already being monitored.

The detail of when these eligible causes can be used has been put into the Business Rules as appropriate and will be translated into the Legal Text. This work had been done to tighten up any previous opportunities for inappropriate use of the change process. If a Shipper was to either increase or drastically decrease a site's AQ then subsequent meter reads could be flagged through possible impacts on read performance which would show up in analysis by PAC.

PAC could consider auditing reads coming after larger changes to AQ to see whether subsequent reads support the changes made.

Further assessment of impacts is expected from the Workgroup in due course.

7 Relevant Objectives

Impact of the Modification on the Transporters' 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

Proposer's view

The Modification furthers relevant objective d) Securing of effective competition, as it ensures that there is suitable process available for Users to correct AQs and ensure that they are an accurate reflection of consumption.

Workgroup view

Some Workgroup Participants agreed that the Modification should improve clarity in terms of the opportunity to address erroneous AQs which is fairer across the market overall.

Proposer's view

The Modification is also positive in relation to relevant objective f) Promotion of efficiency in the implementation and administration of the Code as it allows Users to utilise the appropriate eligible cause in order to amend an AQ.

Workgroup view

Some Workgroup Participants agreed that the Modification should improve clarity in terms of the opportunity to address erroneous AQs which is more accurate and therefore promotes efficiency.

8 Implementation

As Self-Governance procedures are proposed, implementation could be sixteen business days after a Modification Panel decision to implement, subject to no Appeal being raised.

Workgroup Participants referred to the ROM which noted a major release would be appropriate for this Modification.

9 Legal Text

DRAFT Legal Text has been provided by Scotia Gas Networks and is published for Workgroup review here: <https://www.gasgovernance.co.uk/0816/260123>

Final Legal Text has not yet been provided.

Workgroup Assessment

The Workgroup has considered the DRAFT Legal Text and is satisfied that it meets the intent of the Solution. Further consideration is expected at **Workgroup in March 2023.**

10 Recommendations

Workgroup's Recommendation to Panel

The Workgroup asks Panel to agree that:

- This Self-Governance modification should be referred back to Workgroup for further consideration for two more months.