



Product Class 2 Capacity

Considerations for the industry
DWG – July

Background

Fig 4 – Design Maximum Volumes

Value	Volumetrics	Comments
Total Supply Meter Points, or which:	25,000,000	
Large Supply Points (>=73,200 kWh)	300,000	
Small Supply Points (< 73,200 kWh)	24,700,000	
Twin-stream Meter Points	100	
Meter Reading Product Classes		
Class 1	1,000	Volume following UNC Mod 0441 implementation (PNID+6M)
Class 2	50,000	2017/18 - Assumes max 70% of meter points within AQ > 732,000 & < 58,600,000 kWh will be Class 2. 2019/20- Assumes max 100% of meter points within AQ > 732,000 & < 58,600,000 kWh Class 2. 2021 – Above assumptions retained
Class 3	12,000,000	2017/18 – Assumes 2.4M meter points (based on 5% LSP's, and 40% of SSPs with Smart Metering capability utilising this Class. 2019/20 – Assumes 50% of SSPs with Smart Metering capability utilising this Class. 2021 – Above assumptions retained
Class 4 – Monthly / Annual	All Supply Meter Points not in Class 1-3, will be within this category.	

- The initial proposal under Modification 0831A was to exclude Class 1 **and Class 2** sites from Unidentified Gas (UG) allocation.
To confirm, 0831A has been updated and now proposes to exclude only Class 1 sites from UG allocation.
- In anticipation of a potential mass move from Product Class 3 and 4 to Class 2 (as a result of the initial proposal under 0831A), questions were raised around the **current maximum volumes for Class 2**.
- The UK Link Manual – **UK Link IS Service document**, sets out the currently agreed maximum volumes for each Product Class (Figure 4).
- As shown from Figure 4, the agreed Class 2 maximum volume is **50,000**.

Product Class 2

Stats

As of May 2023, there were **687 sites in Product Class 2**

687 sites means the current utilisation of Class 2 is approximately **1.4%**, based on the existing maximum capacity of 50,000

History

When developed and created, Product Class 2 was initially expected to cater for **Daily Metered (DM) elective** for predominantly **Large Supply Points (LSPs)**, and not necessarily for the growing Smart Meter market

Product Class 3 was expected to cater for **Smart Meters**

Mod 0664VV

[Modification 0664VVS - Transfer of Sites with Low Valid Meter Reading Submission Performance from Classes 2 and 3 into Class 4](#)

has been **implemented in February 2023**:

- Where a Shipper User does not meet the **Minimum Valid Meter Reading Requirement (25%)** over the Performance Period (**3 months**), they will be required to reclassify the underperforming site to Class 4 and in the absence of action, the CDSP will reclassify on their behalf
- Since implementation in February, **approximately 7.4% of Class 2 sites have been reclassified** due to not meeting the Minimum Valid Meter Reading Requirement (25%).

Future

Changes in the industry landscape could result in a **greater focus** on moving towards **more sites being Daily Read**.

The ask from DWG

The proposer of Modification 0831A has updated the proposal to only exclude Class 1 sites from UIG allocation

Regardless of this, DWG want to consider the current maximum capacity of 50,000 sites for Class 2

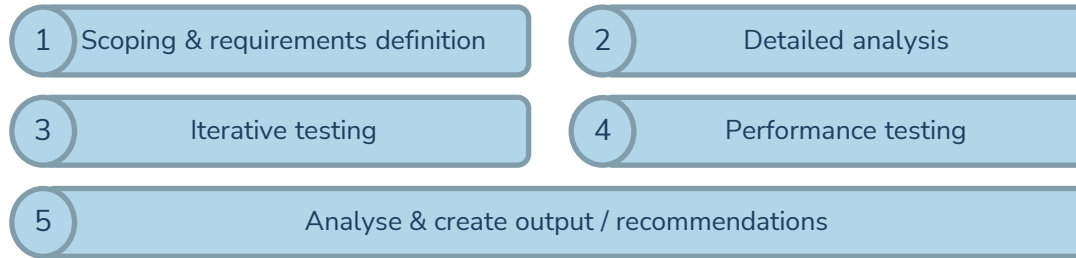
The CDSP took an action to consider how the system capacity for Class 2 could be increased significantly to support this

DWG requested an understanding of the scope and scenarios being considered by the CDSP when undertaking this analysis



Increasing Product Class 2 capacity – the proposal

- To support a potential increase of volumes of Class 2 sites (whilst keeping the Class logic as is), several activities need to be undertaken to ensure the system can continue to operate effectively. These activities can be grouped into 5 main phases:



- Following completion and exit of the testing phases a recommendations and options report will be produced to advise of the system changes that could be made along with any processing limitation recommendations.
- To undertake this analysis and present the recommendations to the industry the expected cost range is:
 - £350,000 - £450,000
*To confirm this cost range is for **analysis only***
- Funds are available within the UK Link Roadmap Investment which could be utilised to undertake this analysis.
- This analysis would look at Class 2 capacity only and **would not** consider changes to existing Class 2 rules / logic.

Alternative proposal

- An industry review is undertaken regarding what is best for settlement in terms of the Product Classes and utilisation of such Classes. This should consider:
 - The current Product Classes and existing logic / rules for the classes.
 - Assess if the rules for each Class are fit for purpose.
 - Assess how optimisation of Daily Read Class(es) can be achieved.
 - The current capacity for Classes and an uptake in the utilisation (if required).
 - Assess capacity for Classes and consider if this is still fit for purpose based on current and anticipated usage of Classes.
- It feels sensible to take a more holistic view on ensuring the Product Classes are fit for purpose (logic and capacity), alongside other large scale programs of work being developed such as the mandated UK Link upgrade and Gemini Sustain Plus.
- The CDSP would expect to be heavily involved in the development of the UNC Request and once the conclusions of the Request are agreed, the CDSP would mobilise and progress with any agreed recommendations.
 - If the outcome of the Request is the Product Classes logic and rules remains as is but the capacity for Class 2 needs to increase, the analysis under the first proposal can be taken forward.

Summary

Two options are proposed:

- **Analysis to increase Product Class 2 capacity is expected to cost within the region of £350k-£450k**
 - This would produce recommendations and options report to advise of the system changes that could be made along with any processing limitation recommendations
- **Alternative proposal suggests a UNC Review, focusing on what is best for settlement in terms of the Product Classes and utilisation of such Classes.**
 - This would seek to confirm with industry the requirements for each Product Classes and whether the current capacity is fit for purpose



CDSP recommendation is the **alternative proposal**. Reasons for this are:

Based on the current utilisation of Product Class 2 (**c.1.4% of maximum capacity**) and the movement we are seeing following the implementation of Modification 0664VV (**7.4% being reclassified from Class 2 to Class 4**), we are unsure if the analysis to increase capacity for Class 2 (considering current usage), would be good value for money?

By taking a holistic view on current Product Classes logic, we can ensure the industry are comfortable and confident that the Product Classes are fit for purpose (logic and capacity). It would help us understand what the industry want for the settlement Classes.

With changes in the industry landscape which could result in a greater focus on moving towards more sites being Daily Read, completely understanding what can accommodate this feels like a positive next step.



Views and questions?