

**CODE MODIFICATION PROPOSAL No 0258A**

**Facilitating the Use of Remote Meter Reading Equipment and the Procurement of Data from a Third Party for the Purposes of Demand Estimation Forecasting Techniques**

Version 1.0

**Date:** 17/09/2009

**Proposed Implementation Date:** December 2009

**Urgency:** Non Urgent

## **1 The Modification Proposal**

### **a) Nature and Purpose of this Proposal**

This has been raised as an alternative Modification Proposal to Modification Proposal 0258. This alternative Modification Proposal incorporates all elements of Modification Proposal 0258 and includes the additional proposal that would allow DNOs to procure data from a third party for demand estimation purposes.

#### **Modification Proposal 0258**

Uniform Network Code (UNC), Transportation Principle Document (TPD) Section H 1.6 specifies obligations placed on Transporters to obtain data from Supply Meter Points contained within a sample for each LDZ for the purposes of developing End User Categories and Demand Models used in the demand estimation process.

UNC TPD Section H sets out two distinct groups for demand estimation sampling; Supply Points with an Annual Quantity (AQ) greater than 2,196,000 kWh (75,000 tpa) and Supply Points with an AQ equal to or less than 2,196,000 kWh. The current arrangements for sites with an AQ equal to or less than 2,196,000 kWh fall into a further two categories. The two categories are specified in UNC TPD Section H 1.6.5 (a), which stipulates for all LDZs there should be approximately 3,900 sites data logged of which 2,700 will be subject to Section H 1.6.2 (a) and a further 1,200 which are subject to Section H 1.6.2 (b). UNC TPD Sections H 1.6.2 (a) and H 1.6.2 (b) differ in that paragraph (a) requires data recorders to be fitted and paragraph (b) requires Daily Read Equipment to be installed. UNC TPD Section H 1.6.3 (a) defines a data recorder as “a device which captures Meter Readings at the start of each Day, but is capable of being read only at the Supply Point premises”.

Currently, the Section H 1.6.3 definition of a data recorder would rule out the installation of Daily Read Equipment on the 2700 (approximate figure) sites referred to in Section H 1.6.5 (a), which are subject to paragraph 1.6.2 (a), with an  $AQ \leq 2,196,000$  kWh. The definition of Daily Read Equipment is detailed in Section M 4.1.1 of the UNC TPD and permits the capture of data remotely. The data recorder definition rules out the use of meter reading equipment which is capable of being read remotely.

There is a further definition of “Remote Meter Reading Equipment” which is defined in UNC TPD Section M 1.4.3 (j) as:

“Remote Meter Reading Equipment is equipment which enables Meter Readings to be obtained remotely at set intervals and which comprises a device for capturing from the Supply Meter and/or (where installed) a converter, data which constitutes or permits a derivation of a Meter Reading and suitable equipment as shall be required for transmitting such data.”

As the current definition of Daily Read Equipment, specified in UNC TPD Section M 4.1.1 is focused on the purposes of Section M the proposer suggests it would be correct to replace the use of the Daily Read Equipment definition with that of the Remote Meter Reading Equipment definition in H 1.6.2 (b) but with the associated protection offered to Daily Read Equipment as detailed in the UNC TPD Sections M 4.1.9, 4.1.10 & 4.1.11 for UNC TPD Section H purposes only.

xoserve, acting on behalf of the Transporters is considering methods to improve the data quality currently captured for the group of sites with an  $AQ \leq 2,196,000$  kWh. The Transporters have historically installed data recorders at smaller sites in this category as opposed to Daily Read Equipment or Remote Meter Reading Equipment which in turn has provided data which is collated and communicated to xoserve for analysis at regular intervals. Where data recorders have malfunctioned or in instances where Supply Point premises have been vacated the subsequent data unavailability is not realised until the data recorder is visited by xoserve’s contractor, sometimes months after the data stream is terminated. Reducing the level of such data losses could improve the quality of the Demand Models.

It is the intention of Modification Proposal 0258 to extend the option of installing Remote Meter Reading Equipment to all demand estimation sample sites with an  $AQ \leq 2,196,000$  kWh which in the proposer’s view would:

- Reduce the occurrence of data loss from recorders malfunctioning.
- Improve the quantity and quality of data available for demand estimation purposes.

It is also the intention of Modification Proposal 0258 to replace the definition of Daily Read Equipment for sites  $>2,196,000$  kWh with Remote Meter Reading Equipment in UNC TPD Section H 1.6.2 (b).

### **Alternative Modification Proposal**

The Proposer is fully supportive of the intent of Modification Proposal 0258 and has incorporated all aspects of it within this alternative Modification Proposal.

In addition to the points above, this alternative Modification Proposal will allow the Transporter to procure data for demand estimation from third

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parties who may or may not be Users (e.g. shippers, suppliers, end consumers). This recognises that the growth of automated meter reading potentially provides a source of robust and suitable data for demand estimation which may be cheaper than Transporters fitting their own dataloggers.

In addition, having one less device attached to the meter installation will simplify administration for the MAM and reduce the complication of the physical meter installation. The Transporter will be responsible, as it is currently under H 1.6.2 (c), for ensuring that the sample used for demand estimation is, representative of the population. The Transporter's procurement exercise will need to ensure that the data it procures is complete, stratified by AQ and geographical location, has a representative mix of premise types and does not allow one party to dominate the sample. The Transporters would also need to consider whether the fitting of automated meter reading equipment indicated that customers were changing their behaviour and whether this should be considered in sample selection. These issues are points which the Transporters have to consider when determining sites for the installation of dataloggers under current UNC arrangements and are not new issues raised by this alternative Modification Proposal.

**b) Justification for Urgency and recommendation on the procedure and timetable to be followed (if applicable)**

As an alternative Modification Proposal this should follow the same timescales as the original Modification Proposal 0258.

**c) Recommendation on whether this Proposal should proceed to the review procedures, the Development Phase, the Consultation Phase or be referred to a Workstream for discussion.**

As above, as an alternative Modification Proposal this should follow the same timescales as the original Modification Proposal 0258 and proceed directly to Consultation.

**2 User Pays**

**a) Classification of the Proposal as User Pays or not and justification for classification**

Classified as **not** User Pays.

**b) Identification of Users, proposed split of the recovery between Gas Transporters and Users for User Pays costs and justification**

N/A

**c) Proposed charge(s) for application of Users Pays charges to Shippers**

N/A.

**d) Proposed charge for inclusion in ACS – to be completed upon receipt of cost estimate from xoserve**

N/A.

**3 Extent to which implementation of this Modification Proposal would better facilitate the achievement (for the purposes of each Transporter's Licence) of the Relevant Objectives**

*Standard Special Condition A11.1 (a): the efficient and economic operation of the pipe-line system to which this licence relates;*

By allowing transporters to procure data it could reduce Transporter's costs and therefore increasing their ability to operate the system in an economic and efficient manner.

*Standard Special Condition A11.1 (b): so far as is consistent with sub-paragraph (a), the 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;*

The implementation of this alternative Modification Proposal would afford the same opportunities to all DNOs and allow for the efficient and economic operation of the combined pipe-line system.

*Standard Special Condition A11.1 (c): so far as is consistent with sub-paragraphs (a) and (b), the efficient discharge of the licensee's obligations under this licence;*

By allowing transporters to procure data it could reduce Transporter's costs making the discharge of the licensee's obligations more efficient

*Standard Special Condition A11.1 (d): so far as is consistent with sub-paragraphs (a) to (c) the 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;*

By allowing Remote Meter Reading Equipment to be installed on demand estimation sites, or by allowing such data to be procured from third parties, there would be an improvement in the quality of the demand estimation algorithms associated with the collection of sampled demand data leading to increased accuracy in demand allocation volumes. An increased accuracy in demand allocation should better facilitate this relevant objective (in particular (d) (i)).

*Standard Special Condition A11.1 (e): so far as is consistent with sub-paragraphs (a) to (d), the provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards (within the meaning of paragraph 4 of standard condition 32A (Security of Supply – Domestic Customers) of the standard conditions of Gas Suppliers' licences) are satisfied as respects the availability of gas to their domestic customers;*

Implementation would not be expected to better facilitate this relevant objective

***Standard Special Condition A11.1 (f): so far as is consistent with sub-paragraphs (a) to (e), the promotion of efficiency in the implementation and administration of the network code and/or the uniform network code.***

This Modification Proposal removes the definition of Daily Read Equipment from UNC TPD section “H” replacing it with Remote Meter Reading Equipment. It is the proposer’s view that confining the definition of Daily Read Equipment to UNC TPD sections “G” and “M” clarifies the specific areas within the code where the two definitions should be used and therefore better facilitating this relevant objective.

**4 The implications of implementing this Modification Proposal on security of supply, operation of the Total System and industry fragmentation**

This Modification Proposal would increase the optionality around how Transporters collect Supply Point data for demand estimation purposes. The ability to utilise Remote Meter Reading Equipment for all demand estimation Supply Points would further enhance the quantity and quality of data collected by allowing early recognition of faulty / disconnected equipment and also where Supply Point premises have become vacant and/or ceased offtaking gas.

**5 The implications for Transporters and each Transporter of implementing this Modification Proposal, including:**

**a) The implications for operation of the System:**

None identified.

**b) The development and capital cost and operating cost implications:**

No additional costs associated with the implementation of this Modification Proposal have been identified.

**c) Whether it is appropriate to recover all or any of the costs and, if so, a proposal for the most appropriate way for these costs to be recovered:**

No cost recovery is required as a result of this Modification Proposal

**d) The consequence (if any) on the level of contractual risk of each Transporter under the Uniform Network Code of the Individual Network Codes proposed to be modified by this Modification Proposal**

None identified.

**6 The extent to which the implementation is required to enable each Transporter to facilitate compliance with a safety notice from the Health and Safety Executive pursuant to Standard Condition A11 (14) (Transporters Only)**

None identified.

**7 The development implications and other implications for the UK Link System of the Transporter, related computer systems of each Transporter and related computer systems of Users**

None identified.

**8 The implications for Users of implementing the Modification Proposal, including:**

**a) The administrative and operational implications (including impact upon manual processes and procedures)**

None identified.

**b) The development and capital cost and operating cost implications**

The implementation of the alternative Modification Proposal would have no cost directly related to it although it will have the potential to reduce the operating costs of the demand estimation process in future.

**c) The consequence (if any) on the level of contractual risk of Users under the Uniform Network Code of the Individual Network Codes proposed to be modified by this Modification Proposal**

Improved data collection methods leading to a fuller sample would lead to an overall increase in confidence in the Non Daily Metered allocation regime.

**9 The implications of the implementation for other relevant persons (including, but without limitation, Users, Connected System Operators, Consumers, Terminal Operators, Storage Operators, Suppliers and producers and, to the extent not so otherwise addressed, any Non-Code Party)**

This Alternative Modification could result in a decrease in the number of devices attached to some meter installations, reducing administration for Meter Asset Managers and reducing the complexity of some meter installations.

**10 Consequences on the legislative and regulatory obligations and contractual relationships of the Transporters**

This Alternative Modification may result in transporters having a small number of contracts for the provision of data however this is not material and does not result in fundamental changes to relationships.

**11 Analysis of any advantages or disadvantages of implementation of the Modification Proposal not otherwise identified in paragraphs 2 to 10 above**

**Advantages**

This Alternative Modification anticipates increased use of automate meter reading and smart meters and can be seen as proactively preparing the industry to take advantages of these changes.

**Disadvantages**

None identified.

**12 Summary of representations received as a result of consultation by the Proposer (to the extent that the import of those representations are not reflected elsewhere in this Proposal)**

No such consultation has been issued.

**13 Detail of all other representations received and considered by the Proposer**

No such representations have been received.

**14 Any other matter the Proposer considers needs to be addressed**

No other matters identified.

**15 Recommendations on the time scale for the implementation of the whole or any part of this Modification Proposal**

It is recommended that this alternative Modification Proposal, if approved, would be implemented at 6am, the day after the Authority's decision.

**16 Comments on Suggested Text**

n/a

**17 Suggested Text**

None provided

**Code Concerned, sections and paragraphs**

Uniform Network Code

Transportation Principal Document

**Section(s)** H1.6

**Proposer's Representative**

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**Proposer**

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