














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>Obligation to submit reads and data for winter consumption calculation for meters in EUC bands 3 - 8</h2>		<div>01 Modification</div> <div>02 Workgroup Report</div> <div>03 Draft Modification Report</div> <div>04 Final Modification Report</div>
<p>Purpose of Modification:</p> <p>This modification aims to create an obligation, and associated monitoring reports, for shippers to submit reads and correct data to ensure the appropriate winter consumption calculation takes place, for accurate NDM WAR band profiling.</p>		
	<p>The Proposer recommends that this modification should be:</p> <ul style="list-style-type: none"> assessed by a Workgroup <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:</p> <p>Shippers</p>	
	<p>Medium Impact:</p> <p>Transporters</p>	
	<p>Low Impact:</p>	

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<p>The Proposer recommends the following timetable: <i>(amend as appropriate)</i></p> <table border="1"> <tr> <td>Initial consideration by Workgroup</td> <td>dd month year</td> </tr> <tr> <td>Amended Modification considered by Workgroup</td> <td>dd month year</td> </tr> <tr> <td>Workgroup Report presented to Panel</td> <td>dd month year</td> </tr> <tr> <td>Draft Modification Report issued for consultation</td> <td>dd month year</td> </tr> <tr> <td>Consultation Close-out for representations</td> <td>dd month year</td> </tr> <tr> <td>Variation Request presented to Panel</td> <td>dd month year</td> </tr> <tr> <td>Final Modification Report available for Panel</td> <td>dd month year</td> </tr> <tr> <td>Modification Panel decision</td> <td>dd month year</td> </tr> </table>		Initial consideration by Workgroup	dd month year	Amended Modification considered by Workgroup	dd month year	Workgroup Report presented to Panel	dd month year	Draft Modification Report issued for consultation	dd month year	Consultation Close-out for representations	dd month year	Variation Request presented to Panel	dd month year	Final Modification Report available for Panel	dd month year	Modification Panel decision	dd month year
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<p>Any questions?</p> <p>Contact: Joint Office of Gas Transporters</p> <p> enquiries@gasgovernance.co.uk</p> <p> 0121 288 2107</p> <p>Proposer: John Welch</p> <p> john.welch@npower.com</p> <p> 07557 170816</p> <p>Transporter: Insert name</p> <p> email address</p> <p> telephone</p> <p>Systems Provider: Xoserve</p> <p> UKLink@xoserve.com</p> <p>Other: James Rigby</p> <p> james.rigby@npower.com</p> <p> 07557 198020</p>																	

1 Summary

What

Since Nexus go-live, it has been reported that up to 25% of relevant sites in End User Category (EUC) bands 3 to 8 have been assigned a default Winter Annual Ratio (WAR) band for the purposes of demand estimation profiling. It has been cited as a contributing factor affecting performance levels of the demand estimation algorithm. To calculate an accurate Winter Annual Ratio, shippers need to submit a pair of reads in the winter period (one in Nov – Dec, and a second in Mar – Apr). If either of these reads is not submitted, or fails validation, winter consumption cannot be calculated, and therefore a 'bucket' or default EUC band is assigned. In addition, if winter consumption energy or the related AQ is erroneous due to underlying data issues, the winter energy is not valid, and an appropriate EUC WAR band cannot be assigned.

Why

Since Nexus go-live unidentified gas has been the leading issue in the gas retail market, and one of the key areas of investigation has been the accuracy of the demand estimation algorithm. One of the issues highlighted by xoserve has been the relatively high number of sites in EUC bands 3 to 8 (approx. 25%). It is difficult to accurately quantify the impact, without knowing the correct consumption and more appropriate WAR band for these sites; however, the issue of NDM WAR bands is currently listed as the sixth highest risk on the PAC settlement risk register, with an estimated impact of £9 million to allocation. Furthermore, named reporting would allow the PAC to review and take more targeted action to understand and deal with the issue.

In addition, sites in EUC bands 3 to 8 are assigned a load factor based on their WAR band. If a site has a default WAR band, an inappropriate load factor could be assigned, and therefore an incorrect SOQ calculated. This has implications for transporters for both capacity planning and revenue recovery.

How

This modification seeks to add the concept of winter consumption into UNC code, obligate the submission of winter reads in the appropriate periods (Nov / Dec and Mar / Apr), and further mandate that shippers ensure, through data correction (particularly in September prior to the following gas year) that an appropriate WAR band is assigned for sites in EUC bands 3 to 8. It is also proposed that named reporting be delivered to PAC on a regular basis, so performance against these obligations can be monitored.

2 Governance

Justification for Authority Direction

It is proposed that this is decided through Authority Direction, as there is the creation of a new obligation.

Requested Next Steps

This modification should:

- be assessed by a Workgroup

3 Why Change?

This requires the creation of a concept and definition of winter consumption and WAR bands as this is current absent from code. An obligation can then be created that can then be monitored through PAC mechanisms. Without the relevant obligation and monitoring, the settlement risk remains open, and uncertainty remains as to its impact on the demand estimation process.

The new obligation should not be unduly onerous, given that the sites involved should be monthly read in any case, and many are likely to have advanced metering fitted. Additional clarity will be provided by creating a new obligation on the need to correct data to ensure winter consumption can be calculated correctly.

4 Code Specific Matters

Reference Documents

Link to the PARR:

https://www.gasgovernance.co.uk/sites/default/files/ggf/PAC%20Document%201%20Performance%20Assurance%20Framework%20Report%20Register%20v1.0_0.pdf

5 Solution

A new concept of winter consumption and WAR bands needs to be created. Section H looks the most likely candidate for these concepts to be added. In addition, winter read obligations would need to be added, most likely to section M. The PARR would be updated with the additional named reporting.

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

None identified.

Cross Code Impacts

IGT impact needs to be considered.

EU Code Impacts

None identified.

Central Systems Impacts

No major impacts, some additional reporting to be created.

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 <ul style="list-style-type: none"> (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: <ul style="list-style-type: none"> (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

8 Implementation

Implementation is preferred at the latest by the start of the next gas year (October 2018) to ensure improved submission of winter reads.

9 Legal Text

Text Commentary

A new concept of winter consumption and WAR bands needs to be created in code. Section H looks the most likely candidate for these concepts to be added. In addition, winter read obligations would need to be added, potentially in section M. The PARR would be updated with the additional named reporting. Section V 16.1.2 allows the addition of reporting to the PARR by modification.

10 Recommendations

Proposer's Recommendation to Panel

Panel is asked to:

- Refer this proposal to a Workgroup for assessment.