

UNC Workgroup 0664 Minutes
Transfer of Sites with Low Read Submission Performance from
Class 2 and 3 into Class 4
Tuesday 28 August 2018
at Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA

Attendees

Rebecca Hailes (Chair)	(RH)	Joint Office
Mike Berrisford (Secretary)	(MBe)	Joint Office
Andy Clasper	(AC)	Cadent
Carl Whitehouse	(CW)	First Utility
Chris Faulds	(CF)	ScottishPower
Dan Fittock*	(DF)	Corona Energy
Fiona Cottam	(FC)	Xoserve
Imran Shah*	(IS)	British Gas
John Welch	(JW)	npower
Jon Dixon*	(JD)	Ofgem
Kirsty Dudley*	(KD)	E.ON
Lorna Lewin*	(LL)	Orsted
Louise Hellyer	(LH)	Total Gas & Power
Luke Reeves*	(LR)	EDF Energy
Mark Bellman	(MB)	ScottishPower
Mark Jones*	(MJ)	SSE
Mark Rixon*	(MRi)	Engie
Megan Coventry*	(MC)	SSE
Michael Robertson	(MRo)	ScottishPower
Rhys Kealley*	(RK)	British Gas
Robert Cameron-Higgs	(RCH)	Flow Energy
Sallyann Blackett	(SB)	E.ON
Shaheeni Vekaria*	(SV)	Utility Warehouse
Steven Britton*	(SBr)	Cornwall

* via teleconference

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0664/280818>

1.0 Outline of Modification**1.1. Introduction to Modification 0664 presentation**

JW provided a brief overview of npower's '16 August 2018 Panel introduction presentation' during which it was commented that it complements the discussions already undertaken during consideration of the proposed draft 'Incentivise Product Class 4 Read Performance' modification (Ref: item 1.2.1 of the UIG Workgroup

meeting minutes).¹ FC observed that in terms of this modification, Class 1 sites are now closed and therefore the focus is on Classes 2, 3 and 4 requirements.

In reviewing the 'Options' slide JW noted that the other related industry modifications might take a longer or shorter time in which to be developed.

Moving on to consider the 'Solution' slide, JW confirmed that subject to further Workgroup discussions, it is proposed that the solution would be judged by Shipper at a portfolio level basis and that furthermore this would be at D+5 (for Class 2s), as this potentially avoids the previous DMV regime style issues.

1.2. Modification 0664 (Onscreen) Review

JW provided a brief explanation of the rationale behind raising the modification, during which discussions focused on the following main items:

Section 5 – Solution

New obligations

JW pointed out that the inclusion of the square brackets [] is more about numbers, than process related aspects and that the proposed [2] consecutive months is aimed at providing Shippers with a level of flexibility.

It was suggested that the proposed utilisation of 1+2 months based approach (at a National, rather than LDZ level), would potentially provide an efficient and timely provision.

When discussions focused around the 97.5% read submission target for Class 2 and 90% for Class 3 values, and how the 'industry' is able to know when a Shipper has moved a sufficient number of sites (i.e. via the monthly reporting mechanisms, and, where needed, Xoserve intervention), JW advised that he would look to consider the points being raised and also look to include both transitional and enduring solution elements within an amended version of the modification, to be provided in due course.

MPRN selection for moving supply points into class 4

JW suggested that the timescales associated with Tranches 1 to 3 balance out between the highest impact and explained that he would look to provide more clarity around the 'relevant period' term.

Incentive Charge

When asked what 'estimated UIG' means, JW explained that it relates to the Shipper share, rather than the industry wide total UIG (in essence the difference between what they should have paid versus what they actually paid).

When asked whether this would be charged over a whole year (i.e. AQ rather than volume), JW confirmed that the charge would simply apply to the relevant period.

JW then accepted a new action to provide a couple of worked examples for consideration at the next Workgroup meeting. FC cautioned that care is needed on the grounds that for some EUC bands, the weighted average is higher for Classes 2 and 3 than it is for Class 4.

SB wondered whether the modification should simply look to focus on the difference (the modulus), whether a positive or negative value, in order to look to incentivise appropriate behaviours. The suggestion was to consider an average

¹ A copy of the 28 August 2018 UIG Workgroup meeting minutes are available to view and/or download from the Joint Office web site at: <http://www.gasgovernance.co.uk/uig/280818>

across all EUC bands and always make the resulting value a positive one. Responding, JW suggested that perhaps a 'hybrid' solution based around these and the proposed draft *'Incentivise Product Class 4 Read Performance'* modification solution might suffice.

Discussion then centred on whether or not a more simplified solution might be appropriate, based around the difference between a Class 2 and 3 AUGE weighting factor and Class 4 (i.e. they are circa double the amount so therefore apply a value of 0.5). On this bases, with UIG currently running at around the 3% mark the incentive would be calculated as:

$(AQ \times (3\% \times 0.5) \times 365)$ or expressed in simpler terms as $AQ \times 1.5\% \times 365$.

It was noted however, that industry would need to reassess the UIG average in September, which is something that the CDSP could calculate and could then apply as some form of new ad-hoc charge.

New Action 0801: Reference Section 5 Solution – Incentive Charge – npower (JW) to provide a couple of worked up examples for consideration at the next Workgroup meeting.

When MB enquired as to what could be expected to happen to any monies raised via such a mechanism, JW responded by suggesting that there could be options similar to a USRV (User Suppressed Reconciliation Value) style reimbursement, conducted on an annual basis, or alternatively offset against the UIG value.

When it was suggested that perhaps one option would be to provide a one-off annual rebate, SB observed that calculation of who such a rebate would go back to at the end of the year might be difficult.

When asked whether Ofgem had any thoughts on what should be done with any monies generated via an 0664 solution, JD explained that whilst his (Ofgem's) preference would be for development of a 'neutral' solution, he does not have a fixed view at this time.

New Action 0802: Reference Section 5 Solution – Incentive Charge – Ofgem (JD) to look to provide a view on what should be done with any monies generated via a 0664 solution, and whether a 'neutral' solution is the only viable option.

New Action 0803: Reference Section 5 Solution – Incentive Charge – All parties to provide a view on what should be done with any monies generated via a 0664 solution, and what potential solutions they believe are viable.

FC suggested that until such a time as the Workgroup has a better understanding of what could/should be done with any monies generated by the 0664 solution, provision of a Rough Order of Magnitude (ROM) is likely to be impossible.

MPRN settlement class trialling exemption

It was noted that this allows industry parties to trial inputting reads from a limited group of MPRNs into a certain class.

It was recognised that careful consideration would need to be given to how smaller Shipper parties were dealt with. They could be exempt, as defined by a qualification criterion for example <30 meters, or <1%, or <2 million therms, by portfolio size or other suitable benchmark.

In pointing out that the MPRN statistics appear to be inaccurate, FC explained she would examine them in more detail after the meeting and provide a view in due course.

When it was suggested that on the grounds that the figures appear to demonstrate the severity of the situation and should therefore be included within the modification, JW responded by indicating that he would look to discuss the matter offline with FC, and thereafter make any necessary amendments to the modification, prior to submission to the Joint Office in due course.

In referring to the potential Xoserve administration charge (i.e. either on a per site or batch removal basis), CW enquired whether or not this would be included within the ROM. Responding FC advised that once a clearer conclusion was reached, it should be included within the modification. The aim is that the solution provides for a bulk process style (automated) mechanism, rather than a manual 'by site' workaround; JW and FC will discuss the matter in more detail offline.

2.0 Initial Discussions

2.1. Issues and Questions from Panel

The Workgroup briefly considered the two principal questions posed by the August Panel, as follows:

Q1 – Consider the Shipper/Supplier relationship for incentives

It was felt that as the subject involves Shipper obligations, the key aspect is consideration of any contractual relationship between Shipper and Supplier in order to ensure that the incentives work.

In recognising the point being discussed, JW explained that whilst the modification is aimed at providing a Shipper level obligation, he welcomed further Workgroup consideration.

Q2 – Consider IGT impacts

When FC provided a brief explanation behind how sites currently move, the consensus amongst Workgroup participants was that (at this time) an equivalent IGT modification would not be necessary.

However, in noting the views discussed, KD explained that the question is posed in order to ensure that aspects where the IGT Code points to the Uniform Network Code (UNC) were covered, and as a consequence it would be beneficial for the Workgroup to revisit the question once legal text (for 0664) has been provided.

KD confirmed the matter is likely to be discussed at the forthcoming IGT Panel meeting.

RH noted that further consideration of both questions would be undertaken during development of the Workgroup Report.

2.2. Initial Representations

None.

2.3. Terms of Reference

(<http://www.gasgovernance.co.uk/0664>)

RH pointed out that as a consequence of the Panel questions, Individual Terms of Reference have been published for this modification.

3.0 Next Steps

Npower (JW) to consider providing an amended modification (to include an updated calculation) and action owners to provide responses in time for consideration at the 03 October 2018 Workgroup meeting.

4.0 Any Other Business

None.

5.0 Diary Planning

In briefly considering the possible Workgroup meeting requirements towards the end of the year, and mindful of the 20 December 2018 Workgroup Reporting date, the Joint Office (RH) undertook a new action to look to arrange the November and December Workgroup meeting.

New Action 0804: Joint Office (RH) to look to arrange the November and December 2018 Workgroup meetings, whilst noting that the very latest date possible for the December meeting would be 10 December.

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

Time / Date	Venue	Workgroup Programme
10.00 Wednesday 03 October 2018	Radcliffe House, Blenheim Court Warwick Road Solihull B91 2AA	Detail planned agenda items.
10.00 Wednesday 31 October 2018	Radcliffe House, Blenheim Court Warwick Road Solihull B91 2AA	Detail planned agenda items.

Action Table (as at 28 August 2018)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0801	28/08/18	1.2	<i>Reference Section 5 Solution – Incentive Charge</i> – npower (JW) to provide a couple of worked up examples for consideration at the next Workgroup meeting.	npower (JW)	Pending
0802	28/08/18	1.2	<i>Reference Section 5 Solution – Incentive Charge</i> – Ofgem (JD) to look to provide a view on what should be done with any monies generated via a 0664 solution, and whether a ‘neutral’ solution is the only viable option.	Ofgem (JD)	Pending
0803	28/08/18	1.2	<i>Reference Section 5 Solution – Incentive Charge</i> – All parties to provide a view on what should be done with any monies generated via a 0664 solution, and what potential solutions they believe are viable.	All	Pending
0804	28/08/18	5.0	To look to arrange the November and December 2018 Workgroup meetings, whilst noting that the very latest date possible for the December meeting	Joint Office (RH)	Pending

			would be 10 December.		
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