















UNC Final Modification Report		At what stage is this document in the process?
<h1>UNC 0722 (Urgent):</h1> <h2>Allow Users to submit Estimated Meter Reading during COVID-19</h2>		<div>01 Modification</div> <div>02 Workgroup Report</div> <div>03 Draft Modification Report</div> <div>04 Final Modification Report</div>
<b>Purpose of Modification:</b> Allow Users to submit Estimated Meter Readings as Actual Meter Readings for Non-Daily Meter sites during COVID-19 “lock-down”.		
	The Panel recommends implementation	
	High Impact: Shippers	
	Medium Impact:	
	Low Impact: CDSP	

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Timeline		
<b>Modification timetable:</b>		
Modification sent to Ofgem	21 April 2020	
Ofgem Decision on Urgency	22 April 2020	
Consultation Commences (3 Business Days)	22 April 2020	
Consultation Close-out for representations	27 April 2020	
Final Modification Report available for Panel	28 April 2020	
Modification Panel recommendation	30 April 2020	
Ofgem Decision	01 May 2020	

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## 1 Summary

### What

Currently Users are unable to submit Estimated Meter Readings other than estimated Proposing User Estimate Opening Meter Readings (M 1.5.2 (c) (iv) refers), on the assumption that Shippers will either be able to obtain meter readings through site visits, or from customers. Where such readings are not available, then the UNC requires that meter reads are obtained by the transporters under the must-read process.

As a result of the COVID-19 pandemic, routine site visit activity has ceased. In addition, many sites are unoccupied as the premises are closed, and their customers are unable to obtain meter readings. Indeed, they may be potentially breaking the law if they attempt to do so.

Though many sites are known to be not consuming gas, it is not possible under the terms of the UNC to provide Estimated Meter Readings. These means that these sites are not being reconciled to their true consumption.

### Why

Since the COVID-19 Lockdown has been enforced there have been impacts on gas usage at individual sites, including actual usage deviating significantly from the AQ. Because of the lockdown there is also increased likelihood of a failure to procure accurate reads due to unavailability of meter readers, restricted access due to closed premises, and limited opportunity to take corrective measures with respect to faulty AMR.

Shippers therefore require a mechanism to ensure that sites that are currently inaccessible can register an estimate reading that is more representative of actual consumption to avoid the material impacts of incorrect allocation based on AQ that are no longer representative of consumption,

### How

This Modification proposes that Users are permitted to submit Estimated Meter Readings for Non-Daily Metered Supply Meter Points during the COVID-19 pandemic.

## 2 Governance

### Justification for Urgency

This Modification recognises that there is a need to allow Shippers to provide Estimated Meter Readings as it is not possible to rely on existing meter readings processes.

Many properties are currently lying vacant as a result of the COVID-19 pandemic and it is potentially illegal for these sites to be visited by customers to retrieve meter readings. Also, any sites with remote meter reading capability cannot be visited to fix any read issue. Without a mechanism to allow Estimated Meter Readings to be provided as a result of the COVID-19 pandemic, many sites will not be reconciled for a considerable period and AQs will not be recalculated. Shippers are therefore not being cashed out of positions, tying up significant amounts of collateral at a time where cashflows are being negatively affected by the unexpected reduction in gas demand. This therefore needs to be addressed Urgently to allow these organisations to survive through the duration of the COVID-19 pandemic.

## Requested Next Steps

This modification should:

- be treated as Urgent and should proceed as such under a timetable agreed with the Authority.

## 3 Why Change?

Since the COVID-19 Lockdown has been enforced there have been unexpected impacts on gas usage at individual sites, including actual usage deviating significantly from the AQ. Because of the lockdown there is also an increased likelihood of a failure to procure accurate reads due to unavailability of meter readers, restricted access due to closed premises, and limited opportunity to take corrective measures with respect to faulty AMR or Smart Metering. Shippers, therefore, require a mechanism to ensure that sites that are impacted from the COVID-19 pandemic can register an estimated reading that is more representative of actual consumption and promptly generate a reconciliation of the allocated energy.

Without implementation, many sites will not be reconciled for a considerable period of time.

## 4 Code Specific Matters

### Reference Documents

None

### Knowledge/Skills

None

## 5 Solution

This Modification proposes that Users should be permitted to submit Estimated Meter Readings for Non-Daily Metered Supply Meter Points where justified in doing so as a result of the COVID-19 Pandemic.

### Business Rules

1. Users may submit an Estimated Meter Reading as an Actual Meter Reading where in the User's reasonable estimate, no Actual Meter Reading can be obtained as a result of coronavirus (as defined in the Coronavirus Act 2020).
2. An Estimated Meter Reading must reflect as closely as possible the site's estimated consumption for the period covered by the meter reading, in the User's reasonable opinion.
3. User must keep records of how any Estimated Meter Readings were derived for a period of 2 years.

## 6 Impacts & Other Considerations

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

None

## Consumer Impacts

Though customer consumption is not being truly represented in the system, we expect that customer billing will continue on estimated readings, so no direct impact on customers.

## Cross Code Impacts

None.

## EU Code Impacts

None.

## Central Systems Impacts

This modification does not implement changes to systems or processes, but rather utilises an existing process for extenuating reasons. Xoserve has provided the following notes:

- *It is not proposed to amend UK Link systems in so far that Shipper Generated Estimate would still not be acceptable for Non-Opening, and Replacement Meter Readings. The solution proposed is that Users should submit their estimated Readings as Actual Meter Readings.*
- *Note, there would be no way of identifying that such Meter Readings were not Actual Meter Readings.*

## 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"> <li>(i) the combined pipe-line system, and/ or</li> <li>(ii) the pipe-line system of one or more other relevant gas transporters.</li> </ul>	None
c) Efficient discharge of the licensee's obligations.	None
d) Securing of effective competition: <ul style="list-style-type: none"> <li>(i) between relevant Shippers;</li> <li>(ii) between relevant Suppliers; and/or</li> <li>(iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant Shippers.</li> </ul>	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.	None

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
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Allowing Shippers to provide Estimated Meter Readings during the COVID-19 pandemic will allow sites to be reconciled and Aqs to be recalculated. This will improve the accuracy of gas allocations and hence cost targeting and so further competition.

## 8 Implementation

As urgency status is being requested, implementation could be as soon as authority approval is given.

## 9 Legal Text

Legal Text has been provided by Northern Gas Networks and is published alongside this report.

### Text Commentary

Legal text has been published alongside this Modification.

### Text

Legal text has been published alongside this Modification.

## 10 Consultation

Ofgem invited representations from interested parties on 22 April 2020. The summaries in the following table are provided for reference on a reasonable endeavours' basis only. It is recommended that all representations are read in full when considering this Report. Representations are published alongside this Final Modification Report.

Of the 23 representations received 18 supported implementation, 3 provided comments and 2 were not in support.

Representations were received from the following parties:

Organisation	Response	Relevant Objectives	Key Points
British Gas	Oppose	d – negative	<ul style="list-style-type: none"> <li>Provides comments in a covering letter relating to Settlement accuracy; (please refer to the representation for further details).</li> <li>Oppose the implementation of this modification until an effective control framework is in place and for the following reasons:</li> </ul>

			<ul style="list-style-type: none"> <li>○ Estimated reads will be indistinguishable from actual reads in industry systems, which means that the ability to assess the integrity of gas settlements is reduced.</li> <li>○ Each estimated read submitted (assuming it passes validation) will cause a reconciliation, which will impact the rest of the market through unidentified gas reconciliation (UGR). Controls need to be in place to ensure these impacts are not excessive.</li> <li>○ There will be future read submission issues when any estimated reads are higher than the next available actual read. In this instance replacement reads will need to overwrite the estimated reads (at a lower level) to allow the actual read to be accepted. There is additional risk where a change of Supplier occurs during the lockdown period and where estimated reads have been applied, as the acquiring Shipper will have no visibility of which historic reads are actual, and which are estimated.</li> <li>○ There are insufficient restrictions on which sites can have estimated reads submitted for. In particular, sites that have not provided actual reads in line with UNC requirements should not be allowed to use estimates as COVID-19 will clearly not have been the initial cause for preventing actual reads (and Shippers are unlikely to have a robust view of consumption).</li> <li>● It is expected that the Performance Assurance Committee (PAC), with the assistance of Xoserve, will retrospectively monitor the usage of estimated reads, to the extent that this is possible given they will be indistinguishable from actual reads. To facilitate this, reporting on Shipper activity regarding this modification needs to be provided to the PAC on a regular basis (weekly as a minimum) as close to real-time as possible. This should also be published on an aggregated basis. This may require Shippers to provide reports on activity.</li> <li>● To protect the integrity of gas settlements an independent body should be made accountable for reviewing and approving any plans Shippers have for the usage of estimated reads during the COVID-19 lockdown period, and for ensuring the orderly unwinding of these measures at the end of this period. Shippers should provide supporting evidence to</li> </ul>
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			<p>reasonably assure the reliability of their estimated reads.</p> <ul style="list-style-type: none"> <li>• If any evidence is found that Settlements' accuracy is being compromised a process to review and correct, with a similar level of urgency these Modifications are following, will be required.</li> </ul>
Cadent	Support	d - positive	<ul style="list-style-type: none"> <li>• Will allow Shippers, during the COVID-19 transitional period, to submit Estimated Meter Readings for Class 3 and 4 Supply Points where an Actual Meter Reading cannot be procured.</li> <li>• Cadent understand and support the rationale behind this Modification. That said Cadent also note, that due to the urgency of the Modification, it doesn't address (or require) any future 'unpicking' of the Estimated Meter Readings once Actual Meter Readings for the relevant period are procured.</li> <li>• Cadent note the Modification does though require Shippers to keep a record of how Estimated Meter Readings were derived. Cadent would welcome a solution that requires the Shipper to use these records at a future date to retrospectively amend the Meter Readings where an Actual Meter Reading becomes available.</li> <li>• Support immediate implementation.</li> </ul>
Drax	Support	d - positive	<ul style="list-style-type: none"> <li>• Drax believe that due to COVID-19 lockdown, there is an increased likelihood of failure to obtain accurate reads due to unavailability of meter readers, restricted access to meters due to closed premises and limited opportunity to take corrective measures with respect to faulty AMR meters. Lockdown has also impacted gas usage, including actual usage deviating significantly, either up or down, from the AQ. Drax therefore support this proposal that Users are permitted to submit Estimated Meter Readings for Non-Daily Metered Class 3 and 4 Supply Meter Points during the COVID-19 pandemic because Shippers require a mechanism to ensure that sites that are currently inaccessible can register an estimated reading that is more representative of actual consumption. This will avoid the material impacts of incorrect allocation based on AQs that are no longer representative of consumption. Drax believe this proposal is positive for Relevant Objective (d).</li> <li>• This change has been granted Urgent status due to the unprecedented impacts of COVID-19. Given the</li> </ul>



			<p>urgency, the proposed solution has necessitated one that has no system impacts and required process updates, and so could effectively be implemented immediately following approval.</p> <ul style="list-style-type: none"> <li>• In terms of implementation, Drax are conscious that the development of this proposal has been rapid with little opportunity for industry to analyse all potential consequential impacts that may need to be mitigated. For instance, there has been no opportunity to understand how the provisions would operate if parts of GB (e.g. geographic regions or specific industries) were still under COVID-19 measures or COVID-19 measures currently in force were lifted and then reinstated under the same powers.</li> <li>• Legal text requires definition of the <i>Relevant Period</i> that UNC Modification 0722 would apply from and when it would end. It is unclear at what stage/trigger, other than the end of the Government's COVID-19 provisions would necessitate removal of this section from the Code.</li> <li>• Drax agree that Shippers should be required to maintain a record of the basis on which estimates have been calculated for a period of two years following the end of the <i>Relevant Period</i>.</li> <li>• Drax recommend that the Performance Assurance Board may need to establish working groups to ensure that any potential unintended consequences of this temporary solution are mitigated.</li> </ul>
E.ON	Comments	No response	<ul style="list-style-type: none"> <li>• E.ON recognises the impacts which COVID-19 has had on organisations, it is not limited to domestic or I&amp;C and there is no single approach to behaviours which are being applied e.g. lockdown = businesses have closed so use has plummeted and therefore domestic use has rocketed. It has not been an equal and opposite application, it has instead seen unique MPRN level use changes with some businesses increasing use to meet demand and others reducing to keep things ticking over and some domestic use has vastly increased with others reducing. Put simply there is no single rule which can be applied.</li> <li>• The solution outlined in this Modification creates the mechanism to allow estimated readings as actuals, although theoretically could assist in the short term by introducing adjustments to the period. There are likely to be knock on impacts to demand estimation modelling</li> </ul>

			<p>and therefore could have unintended consequences which would be difficult to unpick and could have unintended ramifications in future years modelling as the made-up estimates will be unidentifiable.</p> <ul style="list-style-type: none"> <li>• Preference would be for the values to remain flagged as an estimate when submitted otherwise all actual readings received during lockdown will have to be discounted in demand modelling to avoid distortion from the made-up actuals. If there could be a way to make the estimated actuals visible the readings can be identified in the future, which would address some of the concerns E.ON have raised.</li> <li>• After the lockdown period E.ON are concerned this could result in erroneous charges ending up in the domestic part of the market, which would essentially just move the problem around, but make it harder to drill down to how and why?</li> <li>• The legal text links to 'Relevant Period' which appears to be outlined in detail in Modification 0721 (Urgent) <i>Shipper submitted AQ Corrections during COVID-19</i> drafting, it is unclear if 0721 is not implemented how the drafting would incorporate the end of the lockdown period. It is also unclear how parties would adjust any kind of modelling to account for phasing out of lockdown or how they would create the estimates if the premise is over using or under using.</li> <li>• E.ON support where there are estimates used (if approved) that evidence for the calculations are kept but are concerned that individuals will estimate differently which would not be in line with the actual use so it will only have to play catch up, which it would have to do if it hadn't had an estimate given.</li> <li>• E.ON understand why the proposal has been put forward but, believe that it just creates more complexity and moves the energy around and could create further complexity which might be felt in future years modelling.</li> <li>• E.ON recommend that reporting to identify the COVID-19 instances is put in place should this Modification be approved. There needs to be visibility to manage the resultant UIG changes (and also that they are backed out as soon as possible) so the profile impacts can be corrected otherwise they will impact profiles for the next 4 years which is something that needs to be avoided.</li> </ul>
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			<ul style="list-style-type: none"> <li>• E.ON believe that a rule which instead rolls over the Formula Year AQ from 2019 into 2020 would be a more generic approach which can be modelled and doesn't have complex rules or require unpicking.</li> <li>• If approved, implementation could be immediately after approval.</li> <li>• E.ON believe there would be costs to update systems to enable the creation of the estimate for sending. Without further detail E.ON would initially size this as a small to medium level change which is unlikely to require a project to mobilise the implementation.</li> <li>• The solution is likely to have an impact on IGT connected sites, so E.ON recommend that cross-code impacts in the IGT UNC are also considered.</li> </ul>
EDF Energy	Comments	No comment	<ul style="list-style-type: none"> <li>• EDF Energy understand that during these unprecedented times there is a desire for these Modification proposals to be given Urgent status and that they will follow expedited Modification procedures. However, there is a significant risk that the flexibility these Modifications provide could result in wide-spread abuse by Shipper Users that will require future corrective measures to address. This Modification will require robust exit strategies and effective reporting needs to be considered to deter and control any undesirable practices and outcomes before implementation.</li> <li>• Submitting estimated readings as actual readings could impact Supplier billing systems and may result in the production of consumer energy bills that claim to be based on accurate meter readings where this is not the case. This could lead to consumer dissatisfaction and/or increased levels of avoidable incoming contact during a period where Suppliers are focused on protecting the interest of consumers, especially those most in need.</li> <li>• The relaxed approach to meter reading validity this Modification affords also presents a risk of some Shippers misusing this as a means of improving their levels of meter reading performance as measured through Performance Assurance Framework (PAF) reporting. As a potential alternative, the CDSP could become responsible for either deriving the readings to be used as actuals in the agreed processes or selecting which newly submitted reads would be used for this purpose during the COVID-19 pandemic; this would</li> </ul>

			<p>remove the risk of undesirable outcomes and erroneous reading performance reporting. This should be held as a new reading type that will be used to calculate AQ and drive settlement reconciliation. It should not be provided to a Shipper as a last actual read, or used by CDSP, to validate any customer or actual read a Shipper provides. This could minimise the need for any replacement read processes on changes of Shipper as new Shipper's will have no visibility of how a previous Shipper has determined this read leading to fewer issues for customers.</p> <ul style="list-style-type: none"> <li>• If it is not possible for the CDSP to take this responsibility, then additional controls should be included that limit the extent to which any estimated readings that are submitted can be used to drive other industry processes as mentioned above. For example, some sites may not have had an actual read for a significant period and an estimate submitted during this time should only be accepted if the site has had an accepted reading in the last 12 months.</li> </ul>
Energy Intensive Users Group (EIUC)	Support	d – positive	<ul style="list-style-type: none"> <li>• The impact of COVID-19 has created uncertainty in gas demands for many customers. Additional social distancing protocols will cause issues with access to properties for meter reading purposes.</li> <li>• This proposal will allow NDM meter reads to be submitted using an existing process which will ultimately help protect the NDM demand attribution. However, more should be done to protect DM customers from fixed/capacity charges.</li> <li>• Supports immediate implementation.</li> <li>• Legal Text considered to be appropriate to deliver the solution but notes that DM sites are not protected with this Modification.</li> <li>• The proposed solution will help protect Shipper/Supplier responsibilities (for meter reading performance), and transporter responsibilities (for protecting the NDM demand attribution and shrinkage processes). However, more help should be provided in helping DM customers with fixed/capacity charges and ensuring that DM sites do not change load bands (and therefore exposed to higher unit charges in the following charging periods) as an unintended consequence of any changes.</li> <li>• Within the current health &amp; economic climate, many DM 'industrial and commercial' consumers have reduced</li> </ul>

			<p>(or completely ceased) their levels of gas consumption due to falling product demands. Many do not know when normal operations will resume.</p> <ul style="list-style-type: none"> <li>• However, despite no product demand and therefore no income, they are still exposed to the fixed/capacity charges of the charging regime. This Modification (or similar) should explore how to offer DM sites temporary relief of the fixed/capacity charges in a similar way that Modification 0275 (Urgent) – <i>Reduction in DM LDZ Exit Capacity for Supply Points with Significant Changes in Usage</i> offered protection during the economic crisis in 2008/09.</li> </ul>
ENGIE	Support	d – none	<ul style="list-style-type: none"> <li>• ENGIE supports Modification 0722 as they believe it presents a pragmatic approach to combat the issues caused by shut-down or under-consuming sites during the COVID-19 crisis by accepting estimated readings as actuals to allow for regular updates as to what the Shipper and customer estimate the consumption to be.</li> <li>• This will allow for a representative volume to be used for gas settlement reducing issues with AQs and UIG.</li> <li>• However, while ENGIE support this Modification, they would like to understand what (given the difficulty of communicating with customers at this time) constitutes evidence to correct the readings and whether there is the ability to use this Modification alongside Modification 0721 (Urgent) <i>Shipper submitted AQ Corrections during COVID-19</i>.</li> <li>• Support implementation as soon as possible.</li> <li>• Impacts surrounding customer communication and understanding what is currently occurring at sites.</li> <li>• Potential operational impacts in determining and sending the estimated readings to industry.</li> </ul>
Gazprom Energy	Support	d – positive	<ul style="list-style-type: none"> <li>• Gazprom Energy raised the Modification to address the many sites that are not being reconciled owing to difficulties in obtaining Actual Meter readings as a result of the COVID-19 pandemic. A process is therefore needed to allow Shippers to submit reasonable Estimated Meter Readings, as Actual Meter readings, to allow reconciliations to occur and so improve cost allocation.</li> <li>• The solution provided allows the intent of the Modification to be done quickly and effectively by utilising existing processes.</li> </ul>

			<ul style="list-style-type: none"> <li>• Believes that allowing Shippers to provide Estimated Meter Readings during the COVID-19 pandemic will allow sites to be reconciled and AQs to be recalculated which will improve the accuracy of gas allocations and hence cost targeting and so further competition.</li> <li>• Gazprom Energy have not identified any significant costs associated with this Modification.</li> <li>• Suggests that, due to the continuing problem of large numbers of sites being unreconciled, this change needs to be implemented as soon as possible.</li> <li>• Gazprom Energy have no comments on the Legal Text.</li> </ul>
ICoSS	Support	d – positive	<ul style="list-style-type: none"> <li>• ICoSS agree with the Proposer's view that many sites are not being reconciled owing to difficulties in obtaining meter readings as a result of the COVID-19 pandemic. A process is therefore needed to allow Shippers to submit reasonable estimates to allow reconciliations to occur and so improve cost allocation.</li> <li>• The solution provided allows that to be done quickly and effectively by utilising existing processes. ICoSS accept the need to keep records of Shipper calculations to ensure future scrutiny.</li> <li>• Owing to the continuing problem of large numbers of sites being unreconciled this change needs to be implemented as soon as possible.</li> </ul>
Major Energy Users Council (MEUC)	Support	d – positive	<ul style="list-style-type: none"> <li>• Recognises that many Industrial and Commercial consumers have been forced to close as a result of the Government implementing lock down of their activity. In addition to large single site consumers there are numerous commercial multi-site organisations, which include chains of hotels, restaurants, pubs, cafes, takeaways etc. all of whom use considerable amounts of gas, with zero consumption and no income yet they will still face 95% of their transportation charges, which are mainly based on capacity not commodity.</li> <li>• MEUC would appreciate it if Ofgem, could Urgently approve implementation of this Modification.</li> </ul>
National Grid NTS	Support	d – positive	<ul style="list-style-type: none"> <li>• National Grid NTS (National Grid) recognises that the unprecedented measures implemented to address the COVID-19 pandemic has created unanticipated patterns and volumes of consumption and has inhibited the ability of Shippers and Suppliers to collect meter readings.</li> </ul>

		<ul style="list-style-type: none"> <li>• National Grid agrees that the measures advocated by this Proposal will better facilitate relevant objective (d) the securing of effective competition. This is on the basis that for the period where government restrictions are in place, enabling the use of estimated reads for settlement will seek to appropriately allocate energy and transportation costs. This is arguably preferable to not providing reads for settlement (due to the restrictions), especially if a consumer's pattern and consumption of gas is markedly different to the pre COVID-19 period.</li> <li>• National Grid does not need to implement any process or systems changes as a consequence so does not require any lead time for implementation.</li> <li>• Although not explicit in the solution, National Grid note that the definition of "Relevant Period" (as referred to in the Legal Text section below) is only applicable in respect of LDZs and therefore understand that the Proposer's intention is that this facility would only be available at Supply Points connected to the Distribution Networks (i.e. not at NTS Supply Points). In any case, National Grid sees the principal use of this mechanism will be in the Non-Daily Metered sector given the level of automation in the harvesting of Daily Metered meter readings – the vast majority of NTS Supply Points utilise telemetry as their Daily Read Equipment.</li> <li>• There are no implementation costs for National Grid as a result of implementation of this Modification.</li> <li>• National Grid agrees that the legal text will deliver the intent of the solution. We note that the legal text does not include the definition of "Relevant Period" which sets the time limit for the applicability of the provisions. National Grid understand the definition intended is as contained in the legal text for Modification 0721 (Urgent) <i>Shipper submitted AQ Corrections during COVID-19</i> ('0721') in Transition Document Part VI section 1. Further, National Grid understand that in the event that 0721 is not directed for implementation, this definition will be incorporated into the legal text for this Proposal.</li> <li>• Any uncertainty over the application to NTS Supply Points (as referred to above) could be addressed by making the following clarification in Transition Document Part VI section 1.1(b) "Relevant Period" means, in respect of an LDZ <u>only</u>."</li> </ul>
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			<ul style="list-style-type: none"> <li>• Recognising that this Proposal is one of four raised to address issues created by the management of the COVID-19 pandemic, in the event of implementation National Grid would support the conduct of a post-event review (undertaken at the appropriate point) to incorporate analysis of the usage of the estimated reads in the Relevant Period and any impacts (adverse or otherwise) this has had on settlement or other UNC processes.</li> </ul>
Northern Gas Networks	Support	d – positive	<ul style="list-style-type: none"> <li>• This proposal should further Relevant Objective (d) Securing of effective competition by allowing sites to submit Estimated Meter Readings in instances where an Actual Meter Reading is unable to be obtained due to the COVID-19 period restrictions, thus allowing reconciliation and AQ calculations to continue as normal and ensuring allocations are as accurate as possible.</li> <li>• NGN support this as being a solution where the submission of a consumer provided read is not a viable option.</li> <li>• That this proposal could be implemented as soon as Ofgem approval is received, subject to no appeal being raised.</li> <li>• In the short to medium term, this Modification has no more of an impact than the current situation, where reads are not able to be provided.</li> <li>• NGN would hope that the Performance Assurance Committee (PAC) would introduce monitoring of uptake and effectiveness of this Modification. They would also encourage there to be additional monitoring as to the volume and timing of actual reads being received after the end of the relevant COVID-19 period.</li> </ul>
Npower	Oppose	d – negative	<ul style="list-style-type: none"> <li>• Npower understand that the intent of this Modification is to ensure that Shippers have a mechanism for estimating consumption at sites where there have been changes in usage as a result of COVID-19. However, they have a number of concerns about this proposal which are set out below: <ul style="list-style-type: none"> <li>○ How can the accuracy of estimation and consistency across Shippers be ensured? Will a blanket x% reduction be made, and will estimation happen at a site level based on customer provided information?</li> </ul> </li> </ul>



			<ul style="list-style-type: none"> <li>○ Would these reads need to be flagged so they were not used in future post COVID-19 or post lockdown AQ calculations or how will they be considered?</li> <li>• Npower consider that submitting estimates now will lead to a whole host of problems as the reads will be based on the current AQ when many sites are on lockdown and could have reduced consumption. That will potentially cause negative consumption rejections on actual reads when these start up again.</li> <li>• Npower do not consider that this Modification facilitates the UNC Objectives, as it will introduce a lack of control and visibility of reads submitted.</li> <li>• If, approved implementation could immediately follow approval of this Modification.</li> <li>• No significant implementation costs.</li> </ul>
Opus Energy Limited	Support	d - positive	<ul style="list-style-type: none"> <li>• Opus Energy believe that due to COVID-19 lockdown, there is an increased likelihood of failure to obtain accurate reads due to unavailability of meter readers, restricted access to meters due to closed premises and limited opportunity to take corrective measures with respect to faulty AMR meters. Lockdown has also impacted gas usage, including actual usage deviating significantly, either up or down, from the AQ.</li> <li>• Opus Energy, therefore, support this proposal that Users are permitted to submit Estimated Meter Readings for Non-Daily Metered Class 3 and 4 Supply Meter Points during the COVID-19 pandemic because Shippers require a mechanism to ensure that sites that are currently inaccessible can register an estimated reading that is more representative of actual consumption. This will avoid the material impacts of incorrect allocation based on AQs that are no longer representative of consumption. Opus Energy believe this proposal is positive for Relevant Objective (d).</li> <li>• Opus Energy believe that this change has been granted Urgent status due to the unprecedented impacts of COVID-19. Given the urgency, the proposed solution has necessitated one that has no system impacts and required process updates, and so could effectively be implemented immediately following approval.</li> <li>• Opus Energy are conscious that the development of this proposal has been rapid with little opportunity for industry to analyse all potential consequential impacts that may need to be mitigated. For instance, there has</li> </ul>

			<p>been no opportunity to understand how the provisions would operate if parts of Great Britain (e.g. geographic regions or specific industries) were still under COVID-19 measures or COVID-19 measures currently in force were lifted and then reinstated under the same powers.</p> <ul style="list-style-type: none"> <li>• Opus Energy believe that the only impacts are process related.</li> <li>• Legal text requires definition of the <i>Relevant Period</i> that UNC Modification 0722 would apply from and when it would end. It is unclear at what stage/trigger, other than the end of the Government's COVID-19 provisions would necessitate removal of this section from the Code.</li> <li>• Opus Energy agree that Shippers should be required to maintain a record of the basis on which estimates have been calculated for a period of two years following the end of the Relevant Period.</li> <li>• The Performance Assurance Board may need to establish working groups to ensure that any potential unintended consequences of this temporary solution are mitigated.</li> </ul>
Orsted	Support	d - positive	<ul style="list-style-type: none"> <li>• That the restrictions imposed by the government due to the COVID-19 pandemic has resulted in difficulties in obtaining meter readings and consequently many sites are not being reconciled.</li> <li>• This Modification creates a process utilising existing UK Link system functionality and processes to allow Shippers to submit reasonable estimates to allow reconciliations to occur and so improve cost allocation.</li> <li>• Supports the Modification proposing a requirement to keep records of Shipper calculations which can be used for analysis.</li> <li>• Orsted would like to see this change implemented as soon as possible to help reduce the impact from large numbers of sites being unreconciled.</li> <li>• Orsted have not fully assessed the impacts and costs to their business but expect them to be minimal.</li> <li>• Agrees with the Legal Text.</li> </ul>
OVO Energy	Support	d - positive	<ul style="list-style-type: none"> <li>• Due to the unavailability of meter readers, customers being unable to obtain meter readings, restricted access to premises, and limited opportunity to take corrective measures with respect to faulty meters, read performance will be at a detriment, sites will not be</li> </ul>

			<p>reconciled for a considerable period and AQs will not be created. On this basis enabling the submission of estimates for Non-Daily Metered Supply Meter Points during the COVID-19 pandemic will enable these processes to continue.</p> <ul style="list-style-type: none"> <li>• As soon as reasonably practicable after approval.</li> <li>• It would be beneficial to understand what the impact of this would be on read performance metrics. For example, clarification should be provided on whether an estimated read submitted for an annually read small supply point contributes to hitting the 70% target for the Shippers portfolio.</li> <li>• Ovo Energy would also expect a mechanism to be in place to monitor Suppliers' use of estimates submitted with regards to Modification 0722, and a process to reconcile those submissions and update historically once an actual read is obtained by CDSP. We believe that the process put in place by Modification 0722 should be used with caution as it could be open to abuse.</li> </ul>
PFP Energy	Support	No comment	<ul style="list-style-type: none"> <li>• Without addressing AQ in the COVID-19 period it will have unintended consequences for gas balancing and gas reconciliation.</li> <li>• Under section E of the UNC the daily UDQOs for NDM Shippers to small businesses will be overstated by the Xoserve calculation, unless such impacted Shippers can reduce the AQ downwards to reflect the actual demand. If this does not occur Shippers will be asked to put more gas into the system each day that the sites are consuming. Even if they provide a monthly meter read they will still be asked to put more gas in than the sites are consuming, and could be purchasing this at SMP buy price, and when reconciliation occurs they will get the volumes recompensed back at 30 day SAP. Under the UNC exit close out date is the 5th day after the gas flow day and this defines the daily UDQO. The UDQO for NDM sites is determined by ones AQ and WALP (weather adjusted ALP). Normally the average daily SMP buy prices will be greater than the 30 SAP price, and this will cause such Shipper an unintended gas balancing loss that they are unable to mitigate against unless they can reduce the AQ according to the demand, which is some case will be zero.</li> <li>• Therefore, without this change and even if a Shipper correctly estimated its usage and inputted (bought) the</li> </ul>

			<p>buy gas required to meet its UDQO, based on better intelligence on site consumption, they would be forced by the balancing rules to purchase more to Xoserve's UDQO, which will be driven off the AQ Xoserve hold on their system pre COVID-19 and they would purchase this at the daily system buy price. If the Shipper put in a read, a monthly read, all the over purchased gas that the balancing rules force the Shipper to purchase would be recompensed back via the reconciliation invoice at the 30 day SAP price, thus generating unintended losses.</p>
ScottishPower	Support	d - positive	<ul style="list-style-type: none"> <li>• ScottishPower support this Modification allowing Users to submit Estimated Meter Readings as actuals for Non-Daily Metered sites. However, they would seek clarity on a number of points: <ul style="list-style-type: none"> <li>○ Clarification on how the estimated reading should be calculated – Will there be a defined criteria/calculation?</li> <li>○ Confirmation of how the estimated readings will be identified - is this going to be a set condition/marker?</li> <li>○ Is there going to be an allowance for the customer to supply an estimated reading.</li> <li>○ Reconciliation post COVID-19 - Which read would be used for reconciliation following COVID-19? E.g. If there was an actual read for March 2020, then an estimated read for May 2020 and then an actual read is received in July 2020, which reads would be used for reconciliation March and July or May and July?</li> </ul> </li> <li>• Implementation as directed by Ofgem.</li> <li>• The impact on IGT UNC should be considered.</li> </ul>
Scotland Gas Networks and Southern Gas Networks (SGN)	Support	d - positive	<ul style="list-style-type: none"> <li>• In supporting the Modification, SGN provides extensively detailed explanations relating to some key common themes such as Impact of COVID-19; alignment with Government COVID-19 response strategy; lifespan of Modifications; Modification development and evidence requirements (please refer to the representation for further details).</li> <li>• SGN support this Modification as they consider the proposal furthers relevant objective d) securing of effective competition between relevant Shippers [and] Suppliers.</li> </ul>

			<ul style="list-style-type: none"> <li>• SGN acknowledge that the manual collection of meter reads will be reduced during the lockdown period, with this expectation reflected in Ofgem’s letter to Suppliers, which states “We understand that Suppliers may temporarily deprioritise all other reasons for visits, including: collecting accurate meter reads”.</li> <li>• This Modification applies to all class 3 and 4 customers covering domestic and I&amp;C customers. For a large number of these customers Actual Meter reading through self-read should still be possible and should be encouraged. Where a site is unable to be accessed then existing profiles should be used as far as possible to generate an estimated read, and it is only where there is evidence of a significant divergence from these existing profiles that we think an alternative estimate should be used. As such SGN would expect that the potential take-up of this Modification would be a reasonably small proportion of the NDM population.</li> <li>• From SGNs reading of the Modification as proposed, they understand that estimated reads submitted as actuals to UK Link Systems will also be used for the purposes of customer billings, as SGN note that the customer impact section of the Modification states “Though customer consumption is not being truly represented in the system, we expect that customer billing will continue on estimated readings, so no direct impact on customers”. In their interpretation, they consider there would be a benefit to customers as their bills would be based on a more reflective usage. While SGN acknowledge that this may result in customers receiving higher or lower bills than would be otherwise expected, they would anticipate alignment between reads as if, in the User’s reasonable opinion as above, a more accurate estimated reading is available for submission to central systems then it is surely appropriate that this same reading should be applied to the customer.</li> <li>• SGN consider such an approach to be consistent with the statement included in the above referenced Ofgem letter, which states that “Suppliers have agreed with BEIS to support domestic customers who may be financially impacted by COVID-19 and this should frame their approach to bills, payment and supporting prepayment customers to stay on supply”. SGN also note that the gas Supplier licence states that “If a Customer provides a meter reading to the licensee that the licensee considers reasonably accurate, or if the</li> </ul>
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			<p>Gas Meter is read by the licensee, the licensee must take all reasonable steps to reflect the meter reading in the next Bill or statement of account sent to the Customer.” The calculation of estimated reads in Modification 0722 is a clear proxy for the process which the Licence describes.</p> <ul style="list-style-type: none"> <li>• SGN note that the legal text requires that reads are based upon “the User’s reasonable estimate of the expected Metered Volume off-taken” with business rule 2 highlighting the expectation that this read “must reflect as closely as possible the site’s estimated consumption for the period covered by the meter reading”. It is critical that accurate estimates are based on communication with, and information provided by, the customer. Should it transpire that reads have unintentionally been under or over-estimated, SGN would encourage Shippers to submit replacement reads. SGN note that Modification 0722 applies to NDM sites they are unable to predict the anticipated use and consequences of the proposed functionality.</li> <li>• By maintaining a record of estimated reads submitted (business rule 3), it will be possible in future to establish through a cross-match with UK Link records which actual reads were estimated under the provisions of this Modification. SGN support the retention of such records in order that, should any unintended consequences arise as a result of submitting estimated actual reads, this reconciliation is possible. It is important that following expiry of the Relevant Period, a true actual read should be provided as soon as reasonably practicable, to allow UK Link Systems to reconcile. SGN would welcome reporting and monitoring to be undertaken by PAC in this regard.</li> </ul>
Total Gas & Power Ltd	Support	d - positive	<ul style="list-style-type: none"> <li>• Notes that many non-domestic sites have reduced consumption due to COVID-19 restrictions and with businesses shut down it is difficult or impossible to obtain Actual Meter readings.</li> <li>• A mechanism is required to allow Shippers to submit Estimated Meter Readings, as Actual Meter readings, to allow reconciliations to occur and so improve cost allocation.</li> <li>• The solution within this Modification allows that to be done quickly and effectively by utilising existing industry processes.</li> <li>• Implementation as soon as possible.</li> </ul>

			<ul style="list-style-type: none"> <li>• No material costs.</li> <li>• Total Gas &amp; Power have not reviewed the Legal Text.</li> </ul>
Utilita Energy Ltd	Support	d - positive	<ul style="list-style-type: none"> <li>• It will provide more accurate allocation across the industry.</li> <li>• Utilita will not require significant lead time to implement these changes.</li> <li>• Utilita would expect minimal costs for development.</li> <li>• Utilita are happy with the legal text.</li> <li>• Utilita would like consideration to be given to how UK Link will ensure that estimated reads submitted as actual reads during the COVID-19 pandemic would be entered into settlement and not rejected if it does not "normally" fall in line with expected tolerance thresholds based on the current AQ and would normally be a market breaker.</li> <li>• These temporary measures are mentioned as being in place for the duration of the COVID-19 pandemic, will this be left to UNC to determine and advise parties on when this period is over and the temporary measures are no longer in place? It leaves room for confusion and disparity between industry, should Shippers need to determine this themselves based on government advice.</li> </ul>
Wales & West Utilities	Support	d - positive	<ul style="list-style-type: none"> <li>• Wales &amp; West Utilities support this Modification as it allows Shippers to provide Estimated Meter Readings in place of actuals. Assuming that the estimates are accurate then this should result in more rapid accurate reconciliation of energy and re-estimation of rolling AQs that then feed into more accurate allocation of energy. It therefore furthers relevant objective (d) Competition between Shippers.</li> <li>• Can be implemented immediately following an Ofgem direction.</li> <li>• That this Modification is not making any system changes and consequently Xoserve will not be able to identify which meter readings are Actual Meter readings and which are Estimated Meter Readings. Wales &amp; West Utilities expect the Performance Assurance Committee to carefully monitor the use of the Modification if it is implemented and monitor the reasons why the Estimated Meter Reading is reasonable to ensure that the process is not abused.</li> </ul>

			<ul style="list-style-type: none"> <li>• Wales &amp; West Utilities are aware that NGN are continuing discussions with the legal text provider regarding which legislation should be referenced.</li> <li>• Would like to record their appreciation to NGN for delivering the legal text in very short timescales.</li> </ul>
Xoserve	Comments		<ul style="list-style-type: none"> <li>• Is encouraged to see the industry working together so positively in a short period of time to develop constructive solutions at this unique time.</li> <li>• Points out that these Modifications rely upon use of existing processes in order to minimise system changes to all industry parties and to ensure that the challenging timescales necessary for the industry response can be met.</li> <li>• Would encourage Users to ensure that they are familiar with the way that UK Link Communications are to be submitted in order to make use of this capability afforded by these Modifications.</li> <li>• Points out that Xoserve are proposing a workshop to support Users which will run on 29th and again on 30th to support Users in this way.</li> <li>• Would encourage all Users to contact their Customer Advocate to support the CDSP in understanding and preparing for the volumes anticipated through each process.</li> <li>• Notes that Unidentified Gas (UIG) is currently very volatile, and that a major contributor is likely to be the unexpected demand patterns amongst Non-Daily Metered sites.</li> <li>• Are aware that the use of the Isolations Flag for sites still consuming a de minimis quantity of gas and any inaccuracy in the revised AQs or estimated readings submitted by Shippers could also contribute to daily UIG. In all cases the next true Actual Meter reading will cause a Meter Point Reconciliation which would also correct the UIG position.</li> </ul>

Please note that late submitted representations will be included on a best endeavours basis in this Final Modification Report. However, all representations received in response to this consultation (including late submissions) are published in full alongside this Report and will be taken into account when the UNC Modification Panel makes its assessment and recommendation.



## 11 Panel Discussions

### Discussion

The Panel Chair summarised that this Modification seeks to allow Users to submit Estimated Meter Readings as Actual Meter Readings for Non-Daily Meter sites during COVID-19 “lock-down”.

Panel Members considered the representations made noting that of the 23 representations received 18 supported implementation, 3 provided comments and 2 were not in support.

Panel Members agreed that this Modification should allow Shippers to submit Estimated Meter Readings for Class 3 and 4 Supply Meter Points only, where an Actual Meter reading cannot be procured during the COVID-19 lockdown period due to access restrictions/issues.

Panel Members noted that this Modification does not contemplate the future ‘unpicking’ of the Estimated Meter Readings submitted once Actual Meter Readings for the *Relevant Period* are procured and that this might be an issue for further consideration and reporting by the Performance Assurance Committee (PAC).

Panel Members noted that a number of Respondents suggested that the PAC should monitor the implementation and use of the changes introduced by this Modification. Panel Members also noted that Shippers are not required to keep a record of how Estimated Meter Readings were derived and that this should also be investigated. Although not included in this Modification, Panel Members would support the PAC reasonable measures to ensure Actual Meter Reading submissions reflect actual site activity and consumptions following the end of the COVID-19 period.

Panel Members noted that any additional Performance Assurance Committee (PAC) reporting required to understand the impacts of implementation, would require an extension to the PAC Performance Assurance Reports Register (PARR) reporting pack before effective monitoring could be undertaken.

A Panel Member stated that if PAC PARR amendments were required, these should be sent to DSC Contract where approval should be sought.

Panel Members considered that there would be a benefit to customers should this Modification be implemented, as customer bills would be based on more reflective gas consumptions, should the same reading be applied to the customer account for billing purposes.

Panel Members noted that some Respondents were unsure as to when the end of the COVID-19 period would be declared and who would be responsible for declaring this.

Panel Members noted that some Respondents raised concerns that there was no effective control framework in place which, would lead to Estimated Meter Readings being indistinguishable from Actual Meter Readings in industry systems. This means that the ability to assess the integrity of gas settlements is reduced and that this could have a detrimental impact on UIG.

Panel Members noted that there is a risk where a change of Supplier occurs during the COVID-19 lockdown period and where Estimated Meter Readings have already been applied, the acquiring Shipper would have no visibility of which historic Meter Readings are Actual and which have been Estimated.

### Consideration of the Relevant Objectives

Panel Members considered the Relevant Objectives and agreed that this Modification should further **Relevant Objective d) Securing of effective competition**; as it allows Shippers to provide Estimated Meter Readings in place of actuals. Presuming the Shipper estimates are more accurate, this should result in more rapid and accurate reconciliation of energy; and re-estimation of rolling AQs that then feed into more accurate allocation of energy, furthering competition between Shippers.

## Determinations

Panel Members voted **unanimously to recommend the implementation of Modification 0722 (Urgent)**.

## 12 Recommendations

### Panel Recommendation

Panel Members recommended:

- that Modification 0722 (Urgent) **should be implemented**.