













UNC Request	At what stage is this document in the process?
<h1>UNC 0812R:</h1> <h2>Review of alternatives to “must read” arrangements</h2>	<div>01 Request</div> <div>02 Workgroup Report</div> <div>03 Final Modification Report</div>
<p>Purpose of Request:</p> <p>To review the options should a Shipper breach its meter reading obligations and alternatives to the current must read service provided by transporters.</p>	
	<p>The Proposer recommends that this request should be assessed by a Workgroup</p> <p>This request will be presented by the Proposer to the Panel on 21st July 2022</p>
	<p>High Impact:</p>
	<p>Medium Impact: Transporters and Shippers</p>
	<p>Low Impact:</p>

Contents		 Any questions?
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2 Impacts and Costs	5	 enquiries@gasgovernance.co.uk
3 Terms of Reference	9	 0121 288 2107
4 Recommendation	10	Proposer: Richard Pomroy, Wales & West Utilities  Richard.Pomroy@wwutilities.co.uk  07812 973337
About this document: <p>This document is a Request, which will be presented by the Proposer to the panel on 21st July 2022.</p> <p>The Panel will consider the Proposer's recommendation and agree whether this Request should be referred to a Workgroup for review.</p>		Transporter: Wales & West Utilities  Richard.Pomroy@wwutilities.co.uk  07812 973337
		Systems Provider: Xoserve  UKLink@xoserve.com

1 Request

Why is the Request being made?

This request is being raised to discuss options around reforming the long-standing arrangement whereby Shippers have absolute obligations (there being no qualification that they should use reasonable or best endeavours) to read Monthly and Annual read meters (Uniform Network Code (UNC) Transportation Principal Document (TPD) M 5.9.7 and 5.5.9 to 5.9.11 respectively). Should a Shipper be in breach of its obligation the Transporters then have an obligation to read those meters where it seems reasonable to them. We recognise that Shippers rely on Suppliers to provide meter readings to them.

The responsibility for Must Reads was given to Transporters when the Transco Network Code was implemented as they were seen as guardians of the settlement system integrity. It remains with them and can be found in TPD M 5.10 and is reproduced below.

5.10 Failure to obtain readings

5.10.1 Subject to paragraphs 5.10.5 and 5.10.6, paragraph 5.10.2 shall apply in relation to a Class 2, 3 or 4 Supply Meter where, at the end of any calendar month, a Valid Meter Reading has not been submitted with a Read Date within:

- (a) except as provided in paragraph (b), the preceding 4 months;
- (b) in the case of a Class 4 Annual Read Supply Meter, the preceding 24 months.

5.10.2 Where this paragraph 5.10.2 applies in relation to a Supply Meter the CDSP will notify the Transporter and the User and:

- (a) the Transporter will, unless it appears to the Transporter (in its sole discretion) that the circumstances are such that it would be inappropriate to do so, use reasonable endeavours to obtain a Meter Reading from such Meter; and
- (b) the User shall, irrespective of whether the User remains the Registered User of the relevant Supply Point, pay (in accordance with Section S) to the Transporter a charge in accordance with the Transporter's Metering Charging Statement.

There are several reasons why the existing arrangements need reforming.

Contractual obligations

From a contractual point of view, it does not make sense to have absolute obligations in a contract and a provision that if a breach occurs then another party acquires an obligation rather than the party in breach being required to remedy the breach. TPD M imposes absolute obligations on Shippers to obtain a read for a Monthly read Supply Meter Point not less than once every four months (TPD M 5.9.7); and once every 24 months for an Annual Read Supply Meter Point (TPD M 5.9.11). Our view is that if a Shipper breaches these obligations (which may be due to Supplier not providing a read to them), then they should be responsible for remedying that breach.

Reduced provision of meter reading services by Transporters

Since the obligation for Must Reads was given to Transporters there have been many changes in meter reading.

- 1) Suppliers perform their own meter reading activities and no longer use Transporter Meter reading services;

- 2) in consequence of point 1, Transporters no longer (and in some cases never have) provide a commercial meter reading service;
- 3) Transporters do not have an internal meter reading function; some use FCOs to read meters and other buy in meter reading services to deliver Must Reads.

Therefore, the argument that Transporters can easily provide a Must-Read service by adding the Must Read requirements to their existing meter reading activities is not a valid pragmatic argument.

Changes in monitoring performance of the settlement system

There have also been changes in how the performance of the settlement system is monitored

- 1) The UNC Performance Assurance Committee (PAC) was set up in 2016 and is now responsible for settlement accuracy and should Modification 0674V be implemented will have increased powers to require improvements from parties.
- 2) PAC is taking initiatives in relation to reads for example a letter to Shippers relating read performance in relation to Code Cut-off Date issued in December 2020 (although we note the controversy surrounding the timing of that particular letter).

Therefore, the argument that Transporters should obtain Must Reads because they are responsible for the integrity of the settlements system is no longer valid because PAC has now formally taken on this role.

Suppliers use same service providers as Transporters

As Transporters no longer have internal meter reading function, in practice they use the same meter reading organisations that are used by Suppliers (except where Suppliers have an in-house function) and if these organisations can obtain a read for a Transporter, then they ought to be able to obtain a read for a Supplier (perhaps with amendments to the contracts to provide an equivalent to the Transporters' Must Read service).

For the above reasons it is now time to amend the Must-Read obligations. We recognise that Suppliers obtain meter reads to enable them to bill customers and that Shippers submit reads for settlement purposes but in practice a read obtained by a Supplier is typically submitted to the Shipper for settlement purposes. This review is therefore to review how the UNC should be amended to reflect that it is no longer appropriate for Transporters to be expected to provide Must Reads. There seem to be two options

- 1) Remove the provisions relating to provision of Must Reads by Transporters and leave PAC to monitor Shippers' meter reading performance as they do with other breaches.
- 2) Acknowledge that a failure by a Shipper to provide the required meter reads is a breach of UNC and to prescribe a means of remedying that breach; for example, by requiring the Shipper to make a special visit to obtain a read. The process for doing that, which could mirror the existing Must-Read process used by DNOs is too detailed to put into the UNC but could exist as an ancillary document governed by the UNCC or a subsidiary document governed by PAC if a prescriptive process is required.

For the avoidance of doubt nothing in this review precludes any organisation from offering a commercial meter reading service in any geography.

Scope

- 1) How is the Shipper held accountable in the event of a failure to meet their meter reading obligations:
 - a. is this left to the Performance Assurance Committee to action as they see fit; or
 - b. should there be a specific reference to the Performance Assurance committee in case of breach.
- 2) Should there be some formal remedy mechanism in the UNC with which Shippers have to comply should a breach occur
 - a. no arrangement required as PAC will address the breach (1 above); or
 - b. an obligation to make a special visit to obtain a read and whether there needs to be an ancillary document or subsidiary document supporting this obligation; or
 - c. some other arrangement.

Impacts & Costs

One option is to have a specified process should a breach occur and the most obvious way of doing this is to repurpose the existing Must Read process to apply to Shippers. If this solution is adopted, then the review group needs to know the cost of repurposing the arrangements.

Recommendations

The Request should be issued to workgroup for six months with the expectation that an appropriate Modification will be developed during this period.

2 Impacts and Costs

Consideration of Wider Industry Impacts

Impacts

Impact on Central Systems and Process	
Central System/Process	Potential impact
UK Link	<ul style="list-style-type: none"> Possible depending on solution
Operational Processes	<ul style="list-style-type: none"> May reduce, or processes may need aligning to Shipper rather than Transporters This review may lead to reconsideration of changes to CMS for must reads

Impact on Users	
Area of Users' business	Potential impact
Administrative and operational	<ul style="list-style-type: none"> Possible depending on meter reading performance to date
Development, capital and operating costs	<ul style="list-style-type: none"> Possible impact, there will be a balance between current must read costs and costs of any new process to

Impact on Users	
	remedy a Shipper breach of Code
Contractual risks	<ul style="list-style-type: none"> No change Shippers already have a contractual obligation to read meters
Legislative, regulatory and contractual obligations and relationships	<ul style="list-style-type: none"> No additional obligation envisaged as absolute obligation to read meters already exists

Impact on Transporters	
Area of Transporters' business	Potential impact
System operation	<ul style="list-style-type: none"> None
Development, capital and operating costs	<ul style="list-style-type: none"> None
Recovery of costs	<ul style="list-style-type: none"> If must reads are no longer a transporter obligation, then there is no requirement to recover must read costs
Price regulation	<ul style="list-style-type: none"> None, must reads are not part of price-controlled revenue
Contractual risks	<ul style="list-style-type: none"> If must reads are no longer a transporter obligation, then no requirement to procure a service provider and carry contractual risks of revenues and costs being out of alignment
Legislative, regulatory and contractual obligations and relationships	<ul style="list-style-type: none"> None
Standards of service	<ul style="list-style-type: none"> None

Impact on Code Administration	
Area of Code Administration	Potential impact
Modification Rules	<ul style="list-style-type: none"> None
UNC Committees	<ul style="list-style-type: none"> None, meter read performance is already in PAC's remit
General administration	<ul style="list-style-type: none"> None
DSC Committees	<ul style="list-style-type: none"> Some solutions may require a DSC change

Impact on Code	
Code section	Potential impact
TPD M	<ul style="list-style-type: none"> Amendments may be required

Impact on UNC Related Documents and Other Referenced Documents	
Related Document	Potential impact

Impact on UNC Related Documents and Other Referenced Documents	
Network Entry Agreement (TPD I1.3)	<ul style="list-style-type: none"> None
General	Potential Impact
Legal Text Guidance Document	<ul style="list-style-type: none"> None
UNC Modification Proposals – Guidance for Proposers	<ul style="list-style-type: none"> None
Self Governance Guidance	<ul style="list-style-type: none"> None
	<ul style="list-style-type: none">
TPD	Potential Impact
Network Code Operations Reporting Manual (TPD V12)	<ul style="list-style-type: none"> None
UNC Data Dictionary	<ul style="list-style-type: none"> None
AQ Validation Rules (TPD V12)	<ul style="list-style-type: none"> None
AUGE Framework Document	<ul style="list-style-type: none"> None
Customer Settlement Error Claims Process	<ul style="list-style-type: none"> None
Demand Estimation Methodology	<ul style="list-style-type: none"> None
Energy Balancing Credit Rules (TPD X2.1)	<ul style="list-style-type: none"> None
Energy Settlement Performance Assurance Regime	<ul style="list-style-type: none"> Possible but meter reading performance is already an item considered
Guidelines to optimise the use of AQ amendment system capacity	<ul style="list-style-type: none"> None
Guidelines for Sub-Deduct Arrangements (Prime and Sub-deduct Meter Points)	<ul style="list-style-type: none"> None
LDZ Shrinkage Adjustment Methodology	<ul style="list-style-type: none"> None
Performance Assurance Report Register	<ul style="list-style-type: none"> Possible
Shared Supply Meter Points Guide and Procedures	<ul style="list-style-type: none"> None
Shipper Communications in Incidents of CO Poisoning, Gas Fire/Explosions and Local Gas Supply Emergency	<ul style="list-style-type: none"> None
Standards of Service Query Management Operational Guidelines	<ul style="list-style-type: none"> None
Network Code Validation Rules	<ul style="list-style-type: none"> None
	<ul style="list-style-type: none">

Impact on UNC Related Documents and Other Referenced Documents	
OAD	Potential Impact
Measurement Error Notification Guidelines (TPD V12)	<ul style="list-style-type: none"> None
EID	Potential Impact
Moffat Designated Arrangements	<ul style="list-style-type: none"> None
IGTAD	Potential Impact
	<ul style="list-style-type: none"> None, IGT meter reading arrangements are covered in the IGT UNC
DSC / CDSP	Potential Impact
Change Management Procedures	<ul style="list-style-type: none"> None
Contract Management Procedures	<ul style="list-style-type: none"> None
Credit Policy	<ul style="list-style-type: none"> None
Credit Rules	<ul style="list-style-type: none"> None
UK Link Manual	<ul style="list-style-type: none"> None

Impact on Core Industry Documents and other documents	
Document	Potential impact
Safety Case or other document under Gas Safety (Management) Regulations	<ul style="list-style-type: none"> None, must reads are not part of the meter inspection arrangement that is the responsibility of Suppliers
Gas Transporter Licence	<ul style="list-style-type: none"> None

Other Impacts	
Item impacted	Potential impact
Security of Supply	<ul style="list-style-type: none"> None
Operation of the Total System	<ul style="list-style-type: none"> None
Industry fragmentation	<ul style="list-style-type: none"> None
Terminal operators, consumers, connected system operators, suppliers, producers and other non code parties	<ul style="list-style-type: none"> Shippers are dependent on Suppliers for the meter readings. It is likely that Shippers would need to discuss any changes to meter reading provision with Suppliers. In this respect there is a link between PAC

	and the Retail Energy Code's Performance Assurance Board which is best pursued by PAC directly with PAB.
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3 Terms of Reference

Background

This Request is being raised to discuss options around reforming the long-standing arrangement whereby Shippers have absolute obligations (there being no qualification that they should use reasonable or best endeavours) to read Monthly (TPD M 5.9.7) and Annual (TPD M 5.9.9 to 5.9.11) read meters but should a Shipper be in breach of its obligation the Transporters then have an obligation to read those meters where it seems reasonable to them.

The responsibility for Must Reads was given to Transporters when the Transco Network Code was implemented as they were seen as guardians of the settlement system integrity. It remains with them and can be found in TPD M 5.10.

There are a number of reasons why the current arrangements are no longer appropriate:

- the current arrangements are contractually inappropriate;
- transporters no longer provide meter reading services so the Must-Read provision is no longer an "add on" to an existing service;
- the Performance Assurance Committee has been established to monitor and improve settlement accuracy including meter reading performance and Transporters no longer have the unstated role of ensuring settlement system integrity.

Topics for Discussion

- Understanding the objective – need to make Shippers responsible for meter reads
- Assessment of alternative means to achieve objective – remove reference to must reads or put in a rule about how a Shippers remedies a breach
- Development of Solution (including business rules for a Modification)
- Assessment of potential impacts of the Request
- Assessment of implementation costs of any solution identified during the Request
- Assessment of legal text of a Modification.

Outputs

Produce a Workgroup Report for submission to the Modification Panel, containing the assessment and recommendations of the Workgroup including a draft Modification where appropriate.

Composition of Workgroup

The Workgroup is open to any party that wishes to attend or participate.

A Workgroup meeting will be quorate provided at least two Transporter and two User representatives are present.

Meeting Arrangements

Meetings will be administered by the Joint Office and conducted in accordance with the Code Administration Code of Practice.

4 Recommendations

Proposer's Recommendation to Panel

The Proposer invites the Panel to:

- Determine that Request 0812R progress to Workgroup for review with a report back to Panel on 19th January 2023 (6 months).