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9th August 2018
Your Reference: UNC Modification Proposal 0651

<u>UNC Modification Proposal 0651 - Changes to the Retrospective Data Update provisions</u>

Dear Bob,

Thank you for your invitation seeking representations with respect to the above Modification Proposal which Cadent would like to support.

Do you support or oppose implementation?

Support

Relevant Objective:

d) Positive

Reason for support/opposition:

Please see the 'additional information' section at the end of this representation which sets out the reasons for Cadent proposing and supporting implementation of this Modification. To summarise we believe that the Modification:-

- Meets GT Licence relevant objective d) in that it represents a more efficient and economic solution than that currently intended to be implemented under UNC Modification 0434. In addition this solution does not degrade incentives on Shipper Users to ensure data is accurate 'first time' as it requires an element of activity from each Shipper User should they wish to retrospectively amend relevant data. In addition the proposed 'data cleanse' exercise would be expected to give rise to early industry benefits in ensuring relevant customer information is updated and accurate.

- From a technical perspective is a much simpler and less costly solution for the CDSP to build than that identified within Modification 0434. This is likely to reduce the risk of cost or time overrun due to any unforeseen issues arising.

- Can be implemented ahead of 2020 which will reduce the risk of the requisite changes impacting adversely upon other, potentially more important, industry change of a higher priority such as those identified under Ofgem's Faster Switching Programme or any measures necessary to address Unidentified Gas (UIG).

Self-Governance Statement:

Cadent concurs with the views of the UNC Modification Panel that this Modification requires Authority Direction as the changes necessary are likely to have a material impact on customers.

Implementation

No formal timescales are proposed but we would welcome an early Authority decision to enable the supporting systems and process changes to be included within the November 2019 Xoserve Change Release 5.

Impacts and Costs

Xoserve has produced a high level cost estimate (within Request Workgroup 0624R) of the required central system changes, the costs of which would be wholly funded by the GTs.

Legal Text

We are satisfied that the Legal Text meets the intent of the solution.

Are there any errors or omissions in this Modification Report that you think should be taken into account?

We have not identified any errors or omissions.

Please provide below any additional analysis or information to support your representation

UNC Modification 0434 was developed within the Project Nexus Workgroup in 2013 and approved by Ofgem in February 2014. The solution provided arrangements for Shipper Users to replace Meter Readings and to retrospectively correct data errors associated with Meter Information, Address and Supply Points. Whilst the functionality for Shipper Users to replace Meter Readings was implemented at Project Nexus Implementation Date (PNID) in June 2017, prior to this the Project Nexus Steering Group (PNSG) made a decision to defer implementation of the remaining arrangements (Retrospective Data Updates) to avoid a risk to delivery of the 'core' Project Nexus changes at PNID.

Given the significant passing of time since approval of Modification 0434, Cadent raised UNC Request Proposal 0624R – '*Review of arrangements for Retrospective Adjustment of Meter Information, Meter Point/Supply Point and Address data'* in July 2017 to provide the industry with an opportunity to review the business case for introducing the Retrospective Data Update arrangements identified within UNC Modification 0434.

The purpose of the review was to carry out a cost benefit assessment of the elements of Retrospective Adjustment arrangements yet to be implemented. In Cadent's view, and one which we raised within discussions at the Workgroup, was that since approval of Modification 0434, 'smart' technologies and the programme to install such meters nationally had advanced considerably in the intervening period between approval of Modification 0434 in early 2014 which in our opinion reduces considerably the requirement for a fully automated Retrospective Data Update solution as identified in Modification 0434.

There was positive industry engagement within the 0624R Workgroup with all Transporters, 8 different Shippers plus ICOSS representation and an iGT participating in discussion. In addition 16 separate organisations responded to the RFI consultation document issued as part of the review.

To assist the Workgroup, the CDSP, Xoserve carried out a full impact assessment and identified a number of viable alternative solution options which would broadly deliver the drivers and business goals outlined within the Retrospective Data Updates 'Business Requirements Definition' (BRD) produced as part of Project Nexus to varying degrees of complexity and automation. The options were discussed within the Workgroup and an RFI consultation document produced and published to capture the views of industry parties. It should be noted that whilst the review under 0624R was carried out diligently, a conclusive Cost Benefit Analysis (CBA) could not be fully completed due to a number of data discrepancies/issues identified within the RFI responses. Nevertheless, Cadent's view is that Option 4 as identified within 0624R Workgroup represents the most appropriate alternative to the solution approved within Modification 0434 and as a consequence raised Modification 0651 to expedite this.

Whilst we understand and are sympathetic to Shipper Users' views regarding their requirement for a mechanism to allow them to retrospectively amend settlement positions through Retrospective Data Updates, we believe there are a number of compelling reasons to amend the UNC and replace certain aspects of the arrangements identified within Modification 0434 (which Cadent in its former guise as National Grid Distribution raised).

First and foremost we believe that Modification 0651 better meets Relevant Objective d) in that the solution provides a much more efficient and economic method for Shipper Users to provide Retrospective Data Updates, broadly meeting the requirements within the Retrospective Data Updates BRD whilst retaining incentives on UNC parties to prioritise getting the data right 'first time'. Table 1 below highlights the main difference between the 0434 and 0651 solutions, being the removal of an 'automated' reconciliation with the requirement for Shipper Users to provide Metered Volume and Metered Period should they wish a reconciliation to take place. Modification 0651 also provides for an early industry 'data cleanse' exercise which Cadent believes could be expected to correct at least 80% of the current errors within industry data and provide data of sufficient accuracy to relevant to facilitate timely energy settlement to the benefit of customers.

Table 1 – Retrospective Data Update Options Review by agreed 'Principle'

Retro Principle Number	Retro Principle description	OPTION 3 *Original RAASP Solution*	OPTION 4 *Timestamp Asset data*	Additional Comments
1	All data updates will be recorded correctly, for the correct effective date, where possible (see principle number 2) and subject to validation	✔	✔	
2	An update to asset, Supply Meter Point data or reads can only be effective from a date post Code Cut Off Date (LiS)	✔	✔	Also - can be no earlier than the last migrated read / asset loaded into UK Link pre Nexus Implementation - this is due to rules applied for data migration to new UK Link systems
3	Only the current Shipper can update Supply Meter Point and asset data, even in a previous Shippers ownership	✔	✔	
4	Financial adjustments will be automatically processed for the current Shipper where an asset or Supply Meter Point update has been performed, dependant on receipt and acceptance on replacement / latest read to reconcile, except;	✔	✘	Option 4 would only apply the financial adjustment where Metered Volume has been supplied as part of the Retrospective Update
5	Where the transfer read is replaced via the SAR process a Reconciliation will be performed to the previous actual valid read in the previous Shipper(s) ownership, i.e. not the 'suspect' read, the retro update read	✔	✔	
6	Previous Shipper(s) must separately request the financial adjustment and it will only be processed if the update has been performed	✔	✔	
7	Meter reads can only be amended by the Shipper who submitted the read, within their period of ownership. Exception is the reads provided with the retro asset update	✔	✔	
8	Financial adjustments following a replacement read will be automatically processed	*Retro Read Replacement only - Delivered*	*Retro Read Replacement only - Delivered*	
9	Any retrospective updates to asset, Supply Meter Point data or reads submitted post Go Live but for an effective date pre Go Live will be accepted, subject to validation	✔	✔	Also - can be no earlier than the last migrated read / asset loaded into UK Link pre Nexus Implementation - this is due to rules applied for data migration to new UK Link systems

Key	
Principle delivered by relevant Option	✔
Principle not delivered by relevant Option	✘

Cadent also believes it should be a fundamental industry principle that maintaining industry data quality is of the highest priority and UNC parties should invest in processes and systems to ensure accuracy of data. Were the fully 'automated' arrangements outlined within Modification 0434 made available for use (allowing the simple automated correction of large quantities of data by Shippers at a later date) we believe there is a risk that some organisations may not sufficiently value or prioritise accuracy given that anomalous data could be readily changed by exception with minimal effort at a later date. Moreover those Shipper Users which have or continue to invest in systems and processes to ensure high data quality could be unfairly disadvantaged. They may have little or no requirement for a complex automated solution whilst at the same time finding their settlement positions being adversely impacted by the inactivity of less proactive parties.

In addition it is becoming increasingly apparent through industry discussions, predominantly the DSC Change Managers Committee (ChMC), that the complex Modification 0434 solution (which requires a systems build time of 12 months plus 3 months for 'market trials') cannot now be delivered within the Release 5 timescales (November 2019); to meet this release, approval would have been required at DSC ChMC no later than July 2018. As such the earliest that the 0434 solution could be implemented would be sometime in 2020; this in itself would give rise to a risk of the solution impinging upon and possibly impeding other industry change such as associated with UIG and the OSP/CSS. Conversely the Modification 0651 solution, being less complex and requiring less development than the 0434 solution (potentially only 12 months including market trials), could be implemented more quickly and therefore could meet the Release 5 timeline should approval be received by November 2018. Furthermore, the 'data cleanse' aspect of Modification 0651, would only take 3 months and could be developed in parallel to the required UK Link system changes and as a result early benefits such as 'clean' data feeding into CSS and potentially providing a mechanism for spotting 'polluters' would be realised. Of interest, Xoserve has estimated that over 80% of current data errors could be identified and rectified were the data cleanse activity carried out.

It is also Cadent's view that once the roll out of Smart and Advanced Meters is mature, which is expected to result in a majority of Supply Meters being exchanged and as a consequence of the 'cleaning' of substantial amounts of data in the process, there should be a fundamentally reduced requirement for fully automated Retrospective Data Update systems functionality as identified in Modification 0434. Our view is that such an over-engineered solution could therefore become redundant fairly soon after a costly build and potentially protracted implementation. We believe the less complex measures proposed within Modification 0651 would therefore seem more proportionate and could be expected to readily capture the expected minimal numbers of exceptions on an enduring basis.

We trust that this information will assist in the compilation of the Final Modification Report. Please contact me on 07884 113385 (andy.clasper@cadentgas.com) should you require any further information.

Yours sincerely,

Andy Clasper
Framework Specialist, Regulation & External Affairs