Joint Office of Gas Transporters

UNC Modification	At what stage is this document in the process?
# UNC 0664: ## Transfer of Sites with Low Read Submission Performance from Class 2 and 3 into Class 4	01 Modification 02 Workgroup Report 03 Draft Modification Report 04 Final Modification Report

Purpose of Modification:

To create an obligation for Shippers to move supply points with low meter read submission performance from Product Class 2 and 3 into Product Class 4, following a consecutive period of poor performance. CDSP will automatically move any supply points not moved by the shipper in such a scenario (after an allowed period of time).

The Proposer recommends that this modification should be:

- considered a material change and not subject to self-governance
- assessed by a Workgroup

This modification will be presented by the Proposer to the Panel on 16 August 2018. The Panel will consider the Proposer's recommendation and determine the appropriate route.

High Impact:

Shippers

Medium Impact:

CDSP

Low Impact:

Transporters

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Contents

Timetable

The Proposer recommends the following timetable:

Initial consideration by Workgroup	28 August 2018
Workgroup Report presented to Panel	20 December 2018
Draft Modification Report issued for consultation	20 December 2018
Consultation Close-out for representations	15 January 2019
Final Modification Report available for Panel	28 January 2019
Modification Panel decision	21 February 2019

Any questions?

Contact:
Joint Office of Gas Transporters

enquiries@gasgovernance.co.uk

0121 288 2107

Proposer:
John Welch
Npower

john.welch@npower.com

07557 170816

Transporter:
Cadent

chris.warner@cadentgas.com

01926 653541

Systems Provider:
Xoserve

UKLink@xoserve.com

1 Summary

What

This modification is being raised on behalf of the Performance Assurance Committee (PAC).

Post Nexus delivery Unidentified Gas (UIG) is shared out using weighting factors determined by the Allocation of Unidentified Gas Expert (AUGE), and currently less UIG is apportioned to Class 2 and Class 3 Supply Points (SPs) than to Class 4 SPs. However, poor read submission performance in these settlement classes does not improve the situation regarding temporary UIG but hinders it further. The PAC has been monitoring the situation over recent months, and it has become clear that poor read submission can continue with no incentive (beyond Uniform Network Code (UNC) breach) to rectify the situation in the short term. For this reason, the PAC is seeking to create additional incentives in this area to ensure Shippers reach and maintain a minimum level of meter read submission performance for each Class as established in the UNC.

Why

At present, while meter read submission performance targets are clearly laid out in the UNC TPD Section M, there is no further incentive to ensure meter read submission performance reaches a suitable level and is maintained.. As it stands, without additional incentives, Shippers are able to move large numbers of sites (with potentially high associated energy consumption) into Classes 2 and 3 and therefore reduce UIG exposure.

How

The solution will create an obligation for shippers to transfer the poorest performing supply points in class 2 and 3 (in terms of read submission performance) into class 4. Read submission performance will be measured at supply point level, with those supply points falling below a specified benchmark for a consecutive period being automatically transferred to class 4. After an allowed period of time, where a shipper does not move supply points that fallen below the threshold in accordance with the obligation, the CDSP will automatically move those supply points to class 4.

2 Governance

Justification for Authority Direction

This Modification should follow Authority Direction procedures, as it could have a material impact on competition. The Modification proposes the introduction of obligations related to meter read submission performance for Class 2 and 3 SPs, plus a structure of charging to act as a further incentive to ensure parties that that use the relevant settlement classes are able to fulfil the associated meter read submission obligations. As a result, there could be a material impact on competition and contractual obligations for Shippers and Suppliers.

Requested Next Steps

This Modification should:

- be considered a material change and not subject to self-governance
- be assessed by a Workgroup

3 Why Change?

As it stands currently, performance targets for meter read submission are clearly laid out in the UNC for all settlement classes. The current meter read submission for Class 2 and 3 sites, stated in UNC TPD Section M, stands at 97.5% of a Shipper's portfolio for Class 2, and 90% of a Shipper's portfolio per month for Class 3. However, parties can benefit from lower UIG weighting factors by moving sites into Classes 2 and 3, but with no incentive or link to minimum levels of read submission performance. Without this link, the additional reads available in these Classes will not help the temporary UIG situation but would further hinder it potentially creating more unreconciled gas in these categories.

Since November 2017, the PAC have been monitoring levels of read submission for Classes 2 and 3 as the post Nexus settlement classes have been taken up by Shippers. While take-up of Class 2 remains relatively modest, there are some 120,000 SMPs currently in class 3. However, the post Nexus regime is now over one year old, and read submission performance remains poor, despite the CDSP offering and giving support to Shippers to improve read submission levels. Given that this educative approach has not been successful to date, the PAC feels further incentives are needed in this area to improve read submission levels for the new settlement classes.

The most recently reported (anonymous) read submission levels are below (as at March 2018), with associated AQs indicating the potential level of energy affected by the issue. These reports will be updated once available.

Class 3:

Shipper Short Code	Class 3 Aggregate AQ as at 01/02/2018	Number Of Class 3 SMP's as at 01/02/2018	Number Of Class 3 Accepted Reads Submitted between 01/02/2018 and 28/02/2018	Number Of Class 3 Rejected Reads Submitted between 01/02/2018 and 28/02/2018	Average number of reads
151	2,103,633	13	250	57	19
242	43,019,500	1	25	26	25
536	711,168	1	0	0	0
617	2,285,334	12	268	60	22
212	2,146,742,577	13,638	6,305	3,431	0
314	72,478,166	6	0	299	0
121	16,573,626	2	0	0	0
223	827,866,234	57,417	307,137	789,322	5
181	3,124,972	18	14	6	1
526	806,137	2	2	0	1
272	435,053	2	4	0	2
920	912,841,858	6,421	3,601	2,820	1
Totals:	4,026,988,258	77,533	317,606	796,021	4

Class 2:

Shipper Short Code	Class 2 Aggregate AQ as at 01/02/2018	Number Of Class 2 SMP's as at 01/02/2018	Number Of Class 2 Accepted Reads Submitted between 01/02/2018 and 28/02/2018	Number Of Class 2 Rejected Reads Submitted between 01/02/2018 and 28/02/2018	Average number of reads
829	317,714,234	26	979	33	38
151	35,397,171	1	75	55	75
303	55,041,415	1	178	2	178
212	126,926,300	5	140	2	28
132	43,022,657	1	28	0	28
333	1,381,924,334	70	4,156	41	59
272	100,999,345	8	196	0	25
320	37,278,633	2	202	1	101
343	82,305,816	3	196	0	65
Totals:	2,180,609,905	117	6,163	134	53

4 Code Specific Matters

Reference Documents

UNC TPD Section M - https://www.gasgovernance.co.uk/TPD

5 Solution

The solution will deal with the transfer of poor performing supply points (from class 2 or 3 to class 4), The business rules are below.

Business Rules

1. It is proposed that the current read provision obligations in section M, 5.7 and 5.8 are extended to add minimum individual read performance targets. In addition to the existing portfolio level read submission targets, each supply point registered in settlement classes 2 and 3 will have daily read submission measured.

2. It is also proposed that section M will acknowledge that supply points registered into class 2 or 3 should have a smart or AMR meter present and flagged in CDSP systems before transferring to either daily settlement class. Once the modification is implemented, any supply points in class 2 or 3 that do not have a smart or AMR meter already flagged in CDSP systems will be automatically transferred to class 4, one calendar month from the modification implementation date.

3. While the existing portfolio level read submission targets will remain (97.5% per day for class 2, 90% per month for class 3), in addition, each supply point will need to meet a minimum level of performance in any consecutive [3] month period. If any MPRN in either class 2 or 3 provides less than [20%] of daily reads across the consecutive period, the supply point will be automatically transferred to class 4 at the end of that period. The intention of this component of the solution is to act as a backstop for the very poorest performing supply points at any given point.

4. Read Submission

The table below demonstrates the mechanism for measuring supply point level read performance, where the number of accepted daily reads provided for a supply point in any given month is recorded and measured to generate an individual monthly read submission performance.

	MPRN 1	MPRN 2	MPRN 3	MPRN 4	MPRN 5	MPRN 6	MPRN 7	MPRN 8	MPRN 9	MPRN 10
Day 1	1							1		
Day 2	1	1						1		
Day 3	1	1			1			1		
Day 4	1	1						1		
Day 5	1	1			1	1		1		
Day 6	1	1				1				
Day 7	1	1		1	1	1				
Day 8	1	1				1				
Day 9	1	1			1	1				
Day 10	1	1				1				
Day 11	1	1			1	1				
Day 12	1	1				1				
Day 13	1	1			1	1				
Day 14	1					1				
Day 15	1				1	1				
Day 16	1					1			1	
Day 17	1				1	1			1	
Day 18	1					1			1	
Day 19	1				1	1			1	
Day 20	1					1				
Day 21	1					1				
Day 22	1					1				
Day 23						1				
Day 24	1				1	1				
Day 25	1				1	1				
Day 26	1				1					
Day 27	1				1					
Day 28	1				1					
Day 29	1									
Day 30	1									
Day 31										
Total	29	12	0	1	14	21	0	5	4	0
Percentage	93.55%	38.71%	0.00%	3.23%	45.16%	67.74%	0.00%	16.13%	12.90%	0.00%

5. Read Submission Measurement

Read submission would be measured by the receipt of a valid read, accepted into CDSP systems. For Class 2, this would be by D+5, for class 3, by M+10. The relevant percentage would be calculated on a rolling 3 month basis, calculated through the ratio of accepted reads by days across the 3 month period.

6. For the avoidance of doubt, meters that have been flagged as faulty in central systems will be out of scope of the read submission measurement (until the fault flag is removed).

7. Change of Supply

Following a change of supply, supply point read performance would be reset for the new shipper. Performance measurement would begin from the 1st of the following month after the supply point was registered allowing complete months to be measured.

8. Reporting will be produced and sent by the 20th of the month and will highlight any shippers and the affected MPRNs where the individual read submission performance has fallen below the tolerance. Notification and backing data containing the individual MPRNs will be sent to the affected shipper(s). Summary reporting will also be delivered to the PAC on the second Tuesday of the following month.

9. Affected shippers will be obliged to change the class of the relevant supply points into class 4 at the earliest opportunity, but in any event by 30 calendar days from receipt of the report.

10. If the identified poor performing supply points have not been registered into class 4 by the last day of the calendar month, CDSP systems will transfer those MPRNs to class 4. as soon as is practical, and at the latest by the last day of the following calendar month.~~.~~

11. Queries – if a party disputes the read submission performance figures, a query can be logged with the CDSP upon receipt of the reporting. Evidence must be supplied to the CDSP to open such a query. If no error with the reporting is found, the query will be closed and the affected supply points transferred. If an error is acknowledged, there will be no obligation to transfer the affected supply points, and any CDSP transfer will be cancelled. While the query is being investigated, all timescales related to the obligation will remain on hold until such time that the query is resolved in either direction. If the query is rejected by the CDSP, the party is notified in writing, and the timescales again become applicable from the point that obligation was 'paused'.

6 Impacts & Other Considerations

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

None identified.

Consumer Impacts

It should be noted that settlement products do not necessarily correlate to customer products (in that settlement read submission does not necessarily impact the type of product offered to the customer by a supplier). If this were to be the case, non-submission of meter reads could potentially be detrimental to the customer – this Modification seeks to ensure that Shippers are able to appropriately manage the expected performance levels before moving SPs into these settlement classes.

However, this will need further consideration by the workgroup as there may be links to customer contracts that the Modification may need to take into account.

Cross Code Impacts

There may be an IGT UNC impact and this should be considered in the Workgroup.

EU Code Impacts

None identified.

Central Systems Impacts

There should be limited central systems impacts in relation to required class changes as the CDSP already has the facility to move sites in bulk across settlement classes (if needed). Some change may be needed in relation to the proposed charging mechanism and the establishment of reporting for the CDSP, PAC and PAFA.

7 Relevant Objectives

Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	None
b) Coordinated, efficient and economic operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters.	None
c) Efficient discharge of the licensee's obligations.	None
d) Securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers.	Positive
e) Provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards… are satisfied as respects the availability of gas to their domestic customers.	None
f) Promotion of efficiency in the implementation and administration of the Code.	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

This Modification proposes additional incentives to ensure timely submission of meter read data for the relevant classes to be used for settlement purposes and to increase the accuracy of UIG. As such, more accurate and frequent read submission data in central systems should lead to more accurate cost allocation, and therefore furthering competition and relevant objective d).

8 Implementation

No implementation timescales are proposed at present.

9 Legal Text

To be provided by Transporters.

10 Recommendations

Proposer's Recommendation to Panel

Panel is asked to:

- Agree that Authority Direction should apply
- Refer this proposal to a Workgroup for assessment.