














UNC Modification	At what stage is this document in the process?
<h1>UNC 0700 (Urgent):</h1> <h2>Enabling large scale utilisation of Class 3</h2>	<div style="display: flex; flex-direction: column; gap: 5px;"> <div style="border: 1px solid green; background-color: #00a651; color: white; padding: 5px; display: flex; align-items: center; justify-content: center;"> 01 Modification </div> <div style="border: 1px solid #00a651; padding: 5px; display: flex; align-items: center; justify-content: center;"> 02 Workgroup Report </div> <div style="border: 1px solid #00a651; padding: 5px; display: flex; align-items: center; justify-content: center;"> 03 Draft Modification Report </div> <div style="border: 1px solid #00a651; padding: 5px; display: flex; align-items: center; justify-content: center;"> 04 Final Modification Report </div> </div>
<p>Purpose of Modification:</p> <p>Following publication of the 2019/20 Unidentified Gas (UIG) Weighting Factors, Shippers' communications and actions indicate they intend to migrate significant numbers of Supply Meter Points to Class 3.</p> <p>This Modification seeks to ensure that the CDSP has capability to manage the significant increase in Class 3 Supply Meter Point read submissions.</p> <p>The changes in the Modification seek to minimise the impact on the above Shippers by focusing mitigating actions on End User Category (EUC) Band 1 which covers the majority (circa 99%) of Supply Meter Points.</p>	
	<p>The Proposer recommends that this modification should be:</p> <ul style="list-style-type: none"> treated as Urgent and should proceed as such under a timetable agreed with the Authority
	<p>High Impact: CDSP, Shippers</p>
	<p>Medium Impact: None</p>
	<p>Low Impact: Transporters</p>

Contents		
1	Summary	3
2	Governance	4
3	Why Change?	5
4	Code Specific Matters	5
5	Solution	5
6	Impacts & Other Considerations	6
7	Relevant Objectives	9
8	Implementation	9
9	Legal Text	9
10	Recommendations	9
Timetable		
The Proposer recommends the following timetable:		
Modification sent to Ofgem	19 July 2019	
Ofgem Decision on Urgency	By 22 July 2019	
Consultation commences (assumes at least 11 Business Days)	By 23 July 2019	
Consultation Close-out for representations	07 August 2019	
Final Modification Report available for Panel	09 August 2019	
Modification Panel recommendation	15 August 2019	
Ofgem Decision	28 August 2019	
		Contact: Joint Office of Gas Transporters
		 enquiries@gasgovernance.co.uk
		 0121 288 2107
		Proposer: Steve Mulinganie Gazprom
		 steve.mulinganie@gazprom-energy.com
		 07990 972568
		Transporter: Guv Dosanjh Cadent
		 Gurvinder.Dosanjh@cadentgas.com
		 07773 151 572
		Systems Provider: Xoserve
		 UKLink@xoserve.com
		Other: David Addison
		 david.addison@xoserve.com
		 07428 559800

1 Summary

What

This Modification seeks to support the significant migration to and utilisation of Class 3¹ for Supply Meter Points looking to benefit from the 2019/20 UIG weighting Factors set out in the AUG Table.

The Modification proposes a variety of key mitigations including but not limited to:

- Amendment of the Meter Readings Batch Submission approach;
- Management of impacts to the UK Link systems by loading submitted Meter Readings into an interim staging area; and,
- Provision for the loading of a weekly Meter Reading from the interim staging area to UK Link systems that will be used for downstream processes such as reconciliation and Annual Quantity (AQ) calculation.

This Modification focuses, where possible, the mitigating actions on Smaller Supply Points in End User Category (EUC) 01, which covers 99% of the Supply Meter Points. For context approximately 250,000 Supply Meter Points are in EUC bands 02 to 09, whereas 24 million Supply Meter Points are in EUC 01.

Why

Class 3 Supply Meter Points can provide a daily Meter Reading in up to monthly batches. Take up of Class 3 to date has been limited since migration to the new UK Link system, as Class 3 has to date primarily been used to manage shape i.e. where the standard profiles are not representative of sites' consumption patterns.

Actual peak day Meter Reading volumes since Nexus implementation have not exceeded 1.7 million Meter Readings (peak was in December 2017). Submission of a Meter Reading into the UK Link system prompts complex processing for settlement and derivation of the Annual Quantity for that Supply Meter Point.

However, the publication of the final UIG Weighting Factors for Gas Year 2019/20 and their subsequent approval at April 2019 UNC Committee has created an increased demand for Class 3, due to the relative difference in the size of weighting Factors for both Class 3 and 4, for EUC 01 in particular. As at 01 July 2019 there were c. 170,000 Class 3 sites, with a sharp increase seen since the publication of the new weighting Factors. Shippers have indicated that they plan to migrate up to 4.5 million sites into Class 3, as a direct result of the 2019/20 Factors.

Migration to Class 3 will create an unprecedented volume of Meter Readings and the current UNC rules do not prevent all Shippers Users submitting batches of a full month of Meter Readings for each Class 3 Supply Meter Point on the same day. This could result in peak day volumes of up to 135 million meter readings (calculated using 30 Meter Readings multiplied by projected Class 3 uptake of 4.5m).

¹ The key feature of Class 3 is, according to UNC Transportation Principal Document Section M Supply Point Metering (TPD M5.8.3a): *For each Class 3 Supply Meter: (a) a Valid Daily Meter Reading shall be obtained for each Day;*

For more detail please see: <http://www.gasgovernance.co.uk/TPD>

How

This Modification seeks to:

- Introduce Class 3 Meter Reading submission rules to reduce the maximum peak processing day by amending the Batch Submission rules for Class 3 Supply Meters.
- Introduce equitable transition rules to Class 3 Supply Meters. Primarily this process and volumes will be defined in the UK Link Manual², affording the CDSP capability to reject where this value is breached.

The solution and mitigation approach to support the increased Meter Reading Submissions will be required until capacity scaling can be undertaken or demonstrated jointly by the CDSP and Shipper Users that this mitigation approach is no longer required.

This additional step will enable controlled application of certain Meter Readings to existing UK Link tables (as distinct from the interim staging table) and application of the existing Validation, described in the UNC and the UK Link Manual for Smaller Supply Meter Points (i.e. EUC band 01). It is intended that for EUC 01 Supply Points a minimum of one Meter Reading per week will be loaded to these existing tables. Only these Meter Readings will be used further within the UK Link systems for downstream processes – for example to be considered within the calculation of the Amendment Invoice and for AQ Calculation. Consequently, this aspect of the solution will need to:

- Define the extent to which Meter Readings which have been submitted by the User, and that remain within the staging table, are treated.
- Define how the Meter Readings that remain within the staging area can be considered to contribute towards performance for the individual Supply Meter Point, without full validation as described in the UNC, the UNC Validation Rules and the UK Link Manual. Only Meter Readings subject to validation shall be responded to in the response file.

2 Governance

Justification for Urgency

Urgent status is requested for this Modification, as it concerns an imminent risk that large scale migration to Class 3, and the attendant Meter Reading volumes, could exceed UK Link system capacity resulting in inability to process UK Link Communications. In the event that this results in the failure of processes described in TPD Section G of the UNC this could present a material commercial impact to Shipper Users and consumers. As such, this Modification is considered to meet Ofgem's Urgency criteria a), which if not urgently addressed may cause a significant commercial impact on parties, consumers or other stakeholder(s)³.

The revised UIG Weighting Factors are due to take effect from 01 October 2019. Since the Weighting Factors have been announced, the CDSP has been informed that 4.5 million Supply Meter Points will be moved into Class 3 in order to receive the commercial advantages available to Class 3.

² The changes to UK Link Manual will be governed by DSC Change Committee. The changes are further elucidated in Section 5 – Solution.

³ 'Ofgem Guidance on Code Modification Urgency Criteria' can be found here:

<http://www.gasgovernance.co.uk/mods>

This migratory behaviour can already be observed, and the potential commercial gains point to further increasing migration. Migration of this volume of Supply Meter Points to Class 3 presents material risk to the UK Link system, as this has been unaccounted for in any UK Link system capacity planning and consequently no scaling of the UK Link system has yet been initiated.

This Modification seeks to implement mitigations that will amend the UNC to manage the transition to Class 3. These mitigations are such that the profile of Class 3 EUC 01 Meter Reading submission is flattened to maximise the existing system capability and reduce the risk of capacity breaches, which in turn could impact other processes conducted within the UK Link systems.

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?

Whilst the potential Meter Reading capability of the UK Link Application has been proven in performance testing, UK Link systems have not been scaled to support the volume of Class 3 Supply Meter Points at the peak volume that could be presented if submission profiles are not managed. Following publication of the 2019/20 UIG Weighting Factors, Shippers provided an indication of the take up of the Class 3 product, and consequently created the need to initiate the scaling of the necessary components such that large volumes can be managed without risk to other processes conducted within the UK Link systems. The changes proposed within this Modification will require CDSP changes in order to support the migration to Class 3, triggered by the 2019/20 UIG Weighting Factors.

If these changes to the UNC are not to be implemented, Shipper Users could breach UK Link processing capability, which could mean that UK Link systems are not available to process Meter Readings and potentially other processes essential to the operation of the UK gas industry.

For the avoidance of doubt, any Meter Readings that are Valid or 'assured' will be retained by the CDSP and will be candidates to be used for NDM Demand Estimation, subject to the existing criteria.

Monitoring of Class 3 Meter Reading performance, and consequent actions, are considered within UNC Modification 0664⁴ so are not considered within this Modification.

4 Code Specific Matters

Reference Documents

The UK Link Manual contains document 'UKLBD2 UK LINK IS SERVICE DEFINITION' which describes the Design Maximum Volumes of the UK Link system, and the obligations for the CDSP and Users to maintain a UK Link system capacity plan.

AUG Table <https://www.gasgovernance.co.uk/augenex/1920>

⁴ For further detail please see:

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

Knowledge/Skills

No specific skills or knowledge has been identified as necessary to support this Modification.

5 Solution

This Modification seeks to:

- Introduce new Class 3 Meter Reading submission rules to reduce the maximum peak processing day afforded by the UNC to enable efficient use of existing UK Link system components capacity and also that of User systems. This will be achieved by requiring that Class 3 Meter Readings will be submitted by the 10th calendar Day after the Read Date. For the avoidance of doubt this can be by either a daily submission or a Weekly Batch.
- Introduce equitable transition rules to Class 3 Supply Meters.

Currently the UK Link Manual specifies the maximum number of Supply Point Amendments that may be processed on a Supply Point system Business Day, but the UNC does not afford the CDSP the opportunity to reject any breaches of this value, save where the maximum file size is breached. Following implementation of this Modification, Users shall provide, in a timely manner, their anticipated volumes of Class 3 Supply Points within their Portfolio.

The UK Link Manual does not currently attempt to apportion volumes to each individual User to manage constraints. It is proposed that this apportionment method is defined in the UK Link Manual as a portfolio split by those Users who have indicated within any given Month, of their intention to add new Class 3 Supply Meters, and where the available capacity is breached by the requested capacity, the outcome will need to be reviewed by the DSC Contract Management Committee. If a User does not notify their intention, they will not be allocated any capacity in the event of a capacity constraint.

Users are also able to change Class at Confirmation, including where the Shipper does not change. Where a Confirmation is undertaken which does not change either the Supplier or Shipper and which effects a Class Change to Class 3, for the avoidance of doubt, this will be considered as a utilisation of Supply Point Amendment capacity from that Shipper's allocation

As part of the solution to support this increased Meter Reading Submission, the CDSP plans to load Non-Opening Meter Readings to an interim staging table. This additional step will enable controlled application of Meter Readings to existing tables and application of the existing Validation described in the UNC and the UK Link Manual. It is intended that a minimum of one EUC 01 Meter Reading per week will be loaded to these existing tables. Only these Meter Readings will be used further within the UK Link systems for downstream processes – for example to be considered within the calculation of the Amendment Invoice and for AQ Calculation. This aspect of the solution will need to:

- Define the extent to which Meter Readings which have been submitted by the User and that remain within the staging table are not to be considered as 'Valid' as defined in TPD M 5.2.1, and consequently, for example, are not necessary to be used for Offtake Reconciliation (TPD M 5.1.7 and 5.8.6). For the avoidance of doubt, for the purposes of Offtake Reconciliation any Meter Readings retained in the interim staging area (and not passed further within UK Link systems) will not be used for Offtake Reconciliation and the CDSP derived profile will be used between Valid Meter Readings.
- Define how the Meter Readings that remain within the staging area can be considered 'assured' for the purposes of meeting performance criteria within TPD M 5.8.3(a). This is proposed to be done on the basis that the Reading that is taken for Validation is considered representative, and following such Meter

Reading being determined as Valid, all other Meter Readings for that Supply Meter Point within the candidate period in the staging table shall be considered 'assured' for the purposes of performance.

Where such Meter Reading fails Validation, a further Meter Reading shall be subjected to Validation. Where this passes the remaining Meter Readings (but not the first Meter Reading that failed the validation) within the staging table shall be considered 'assured'. Validation failure of the second Meter Reading will result in no Meter Readings being marked as 'assured'. Only Meter Readings subject to validation shall be responded to in the response file.

For the avoidance of doubt, any Meter Readings that are Valid or 'assured' will be retained by the CDSP and will be candidates to be used for NDM Demand Estimation, subject to the existing criteria.

Business Rules

1. All Class 3 Meter Readings to be submitted by the 10th calendar day after the Meter Read Date.
2. All Class 3 Meter Reads will be loaded into an "interim staging area". For the avoidance of doubt Shippers do not have to send EUC 01 Class 3 Meter Reads separately. All Class 3 Meter Readings will be submitted by the 10th calendar Day after the Meter Read Date. For the avoidance of doubt this can be by either a daily submission or a Weekly Batch.
3. All Class 3 EUC 02 - 09 Meter Reads will subsequently be loaded into UK Link as normal.
4. All Class 3 EUC 01 Meter Reads will be held in the interim staging area, then on a Weekly basis a minimum of 1 Meter Read will be loaded into UK Link for each Class 3 EUC 01 Supply Meter Point. The Shipper may specify a particular Meter Reading Date that the CDSP must seek to load to UK Link systems within each Month specifically in order for Shippers to align Settlement periods with the CDSP. If that Meter Reading fails to load then Xoserve will select the next available Meter Reading. For the avoidance of doubt if this Meter Reading fails to load, no further attempt will be made to load further Meter Readings within that Weekly 'batch'.
5. Shippers shall, in good faith, provide indicative volumes of transfers to Class 3 and CDSP shall monitor the requested volumes against capacity of Class Changes and where the CDSP determines that this will impact the ability to process the indicative volumes, Shippers will be limited to a User Class 3 Daily Capacity which shall be determined by the CDSP. The CDSP shall ensure the fair and equitable allocation of Class 3 Daily Capacity between all relevant Market Participants who have requested capacity of Class Changes. In the event of any challenge to the Class 3 Daily Capacity it will be referred to the DSC Contract Management Committee for determination.
6. Only Meter Readings that are Valid (i.e. that are passed to the UK Link system from the staging table, but not the readings that remain in the staging table) are subject to Replacement – note: this is in line with existing UK Link functionality and does not create estimated Meter Readings between Class 3 Actuals. For the avoidance of doubt, CDSP estimates that are loaded to UK Link will continue to be subject to Replacement.

For the avoidance of doubt, no new performance management targets will be set out in this Modification and instead, any additional or amended performance management targets will be established based on operational experience.

6 Impacts & Other Considerations

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

No specific impacts are identified to the CSS SCR.

Consumer Impacts

Limited impacts to consumers are identified. It is believed that the observed migration to Class 3 Supply Meters Points are solely due to the UIG Weighting Factors. It is not believed that this proposal will impact the products available to Consumers directly and aims to mitigate any potential risks to systems which might indirectly impact switching processes.

Cross Code Impacts

Preliminary assessment has indicated that a separate IGT UNC Modification is not necessary since the impacted areas of the UNC are utilised by the IGT UNC at a high level. Provided that the references used within the UNC Legal Text are retained, an IGT UNC Modification is not expected to be necessary.

EU Code Impacts

None identified.

Central Systems Impacts

This Modification gives the CDSP the ability to better manage an unforeseen volume of Meter Readings, within the UNC. UK Link systems will need to be amended to implement aspects of this Modification.

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 (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.	None
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.	Positive
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 furthers Relevant Objective f) as it promotes efficient use of UK Link systems and avoids the need for over investment in capacity that will potentially be redundant for significant portions of any given month, by smoothing Meter Reading submission profiles. This will avoid the need to build additional capacity for those Supply Meter Points which have been moved to Class 3 purely to take advantage of the UIG Weighting Factors.

8 Implementation

As Urgent Procedures are proposed, implementation would be agreed at DSC Change Committee in consideration of direction or guidance provided by the Authority.

9 Legal Text

Text Commentary

To be provided by Transporters.

Text

To be provided by Transporters.

10 Recommendations

Proposer's Recommendation to the Authority

The Authority is asked to:

- Agree this Modification should be treated as Urgent and should proceed as such under a timetable agreed by them.