

UNC Variation Request

0664 - Transfer of Sites with Low Read Submission Performance from Class 2 and 3 into Class 4

Date: 13 August 2020

The Proposer, SSE, requests a variation to this modification, pursuant to UNC Modification Rules Section 6.5.1(c) of the UNC.

Reason for Variation

Following consultation of Modification 0664, a number of representatives raised various questions and concerns as detailed below, as a consequence, UNC Panel determined that these concerns should be addressed further and requested that Workgroup 0664 warranted re-opening and a Supplemental report should be presented at the UNC Panel in August. .

The Workgroup reconvened in April 2020, the outcome resulting in this Variation Request to Modification 0664. Further supporting information is outlined in the Supplemental Report.

The questions and concerns raised, related to the Costs v Benefits, impacts on Operation processes and to consider the impacts on remote reading meters.

The Proposer provided an analysis of Costs and Benefits to demonstrate, the number of sites impacted where there is poor performance reads across EUC Bands 1 to 9 (details of this analysis is detailed in the supporting Supplemental Report) and will also be captured in the Variation Modification 0664V. Modification 0664 included a number of New Defined Terms, one being the Lockout period, this raised a number of concerns on what would happen, if the Supplier changed during this period and how this would affect shippers obligations. This has been addressed by recommending a change to Business Rule 9 of Modification 0664 and captured below in the proposed change to the solution.

During workgroup discussions, the Central Data Service Provider (CDSP) and the proposer reviewed all possible scenarios where Supplier changes could occur, addressed the associated costs of the Rough Order of Magnitude. (which is highlighted in the supporting Supplemental Report and will be added to the Workgroup Report and subsequent Draft Modification Report prior to further consultation. The outcome resulting in a change to Business Rule 9.

Workgroup in their conclusions and recommendation to this Variation, have reviewed these changes and supports that the intent of the Variation Request

addresses the concerns raised in the initial consultation, however recommending that further consultation takes place to ensure the wider industry support this change.

Nature of Variation

The key change to Modification 0664 is to amend the current solution in Modification 0664 as detailed in Black below with the recommended inclusion /change to the Solution in blue below, (the entire replacement Solution with the exception to the new Performance Assurance Reports (PAR) has been included for completeness). The Proposer noted that the PAR will not change as a result of this change. Supporting Legal Text will also be changed to reflect this change and will sit along side Modification 0664V if UNC panel determine the materiality of the change and if this is a variation to Modification 0664.

Further clarification in Modification 0664V will also include:-

- Inclusion of the analysis conducted by the proposer and CDSP on the associated Costs v Benefits
- Update to the Consumer impacts
- Confirmation that any Cross Code Impacts have been re-considered.
- Further clarification on how relevant objective (d) better facilitates the intent of the solution.
- Clarification on PAC reporting in relation to the BR9 and the Lock-out period.

Solution taken from Final Modification Report for Modification 0664 (Current in Black – Revised in (Blue))

The solution will deal with the transfer of poor performing Supply Points (from Classes 2 or 3 to Class 4).

New Defined Terms:

The following new defined terms will be required to be added to the UNC.

Minimum Percentage Requirement

The minimum percentage of **Valid Readings** required over each Performance Period for each Supply Point in order for the Supply Point to remain in Class 2 or Class 3. For the avoidance of doubt, a Meter Reading will be determined as being a Valid Reading including Meter Readings for Smaller Supply Points that are not specifically subject to Validation, but are determined to be valid (M5.8.3 refers – as introduced by UNC Modification 0700) for determination of meeting performance.

This will be set at 25% initially for both Classes 2 and 3 (i.e. each Supply Meter Point in Class 2 or 3 must obtain Valid Meter Readings for 25% of the days within the Performance Period). The Minimum Percentage Requirement will be reviewed on an annual basis by the PAC.

Where there is more than one Minimum Percentage Requirement in place across a Performance Period then the lower of the Minimum Percentage Requirements must be met for all of the Performance Period.

Minimum Performance Measure

The percentage of Supply Points that must meet the Minimum Percentage Requirement over each Performance Period in order for all Supply Points to remain in Class 2 or Class 3. This will be set at 90% initially for both Classes 2 and 3. The Minimum Percentage Requirement will be reviewed on an annual basis by the PAC.

Where there is more than one Minimum Performance Measure in place across a Performance Period then the lower of the Minimum Percentage Requirements must be met for all of the Performance Period.

Performance Measure

The percentage of daily Valid Meter Readings received, as measured by the CDSP, for each Supply Point in Classes 2 and 3 over each Performance Period.

Performance Period

The time period over which each Performance Measure will be derived. This will initially be set as a consecutive 3 calendar month period, but will be reviewed on an annual basis by the PAC. Where there is a change to the Performance Period then all Performance Measures commencing from that date on will be on the revised Performance Period. Any Performance Periods in place at the date of the Performance Period change will be unaffected by the Performance Period change.

Performance Month

The Supply Meter must be classified as either Class 2 or 3 for the entire calendar month to be considered for a Performance Month within the Performance Period. Where a Supply Meter has been reclassified outside of Class 2 or 3 for any part of the month, or been subject to a Change of Shipper after the first calendar day of the month, it will not be considered either to contribute to performance within the month, nor be considered as part of the Shipper Portfolio for determining the 'Performance Contributing Portfolio'.

Performance Contributing Portfolio

This is the Shipper's total Class 2 and Class 3 Supply Meter Point portfolios, less any Supply Meters that are not included within the Performance Month – e.g. as a result of reclassification or Shipper transfer on any day other than the first of the month.

Lock-out Period

The time period over which Shippers will not be able to re-register Supply Points into Classes 2 or Class 3 that have been removed from either of these Classes due to

them failing the Minimum Percentage Requirement. The Lock-out Period will begin on the day of re-registration into Class 4. The lock-out period will cease to apply if there is a change of Shipper at the Supply Point or if the Supply Point qualifies to be registered as a Class 1 Supply Point. The lock-out period will be initially set at 3 months and will be reviewed on an annual basis by the PAC. Where there is a change to a Lock-Out Period all Supply Points that are in a Lock-Out period will be subject to the shorter of the Lock-Out periods.

Notification of revised Minimum Percentage Requirement, Minimum Performance Measure, Performance Period and Lock-Out Period

For each Gas Year, the Performance Assurance Committee will maintain or revise the Minimum Percentage Requirement, the Minimum Performance Measure, the Performance Period and Lock-Out Period.

The Performance Assurance Committee will consult with the Uniform Network Code Committee (UNCC) on any revisions and provide the reasons for the revisions.

Not later than 31st August in the Preceding Year (and in sufficient time to meet CDSP system time constraints), the PAC will confirm to the CDSP any revisions, who will apply them from 1st October for the upcoming Gas Year. The PAC will also confirm any revisions to Users.

Where the Performance Assurance Committee is unable to or does not determine any revisions for the upcoming Gas Year, the CDSP shall rollover all values applying in the preceding Gas Year

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 Supply Meter Reading performance targets (Minimum Percentage Requirement). In addition to the existing portfolio level, Valid Read submission targets, each Supply Point registered in settlement Classes 2 and 3 will have Valid Supply Meter Readings measured daily where they meet the criteria to be considered for the Performance Month.
2. While the existing portfolio level Valid Reading submission targets will remain (97.5% per day for Class 2, 90% per day for Class 3), in addition, each Supply Point will need to meet a minimum level of performance over the Performance Period. If any Supply Meter in either Class 2 or 3 provides less than 25% of daily reads (the 'Minimum Percentage Requirement') across the consecutive period, the Supply Point will be required to be reclassified to Class 4 following that period provided that the Shipper has not met a satisfactory performance across its Class 2 and 3 Performance Contributing Portfolio (as described in Business Rule 10).

- The table below demonstrates the mechanism for measuring Supply Point level read performance, where the number of accepted Valid Meter Readings provided for a Supply Point in any given Performance Month is recorded and measured to generate an individual monthly read submission performance. The Performance Measure calculated for each Supply Point will be average of the Performance Months contained within each Performance Period.

	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%

- Read submission would be measured by the receipt of a Valid Reading, accepted into CDSP systems, including those not explicitly subject to Validation (re: M5.8.3) but deemed valid for performance purposes. The relevant percentage would be calculated for each Performance Period, calculated as the straight average of each Performance Month without any weighting for the number of days in each month and so, for example, where a Performance Period included the months of January, February and March, February's performance would have equal weighting as those of January and March in determining the performance over the Performance Period, which will be set initially as a 3 month period, and set on an annual basis by the PAC.
- Following a change of Shipper, Supply Point Valid Reading performance will be reset for the new Shipper. Performance measurement will begin from the 1st day of the next Performance Period after the change of Shipper for the Supply Point and so allowing complete months to be measured.

6. Any Supply Meters that move into Class 2 or 3 from Class 1 or 4 after the first day of the month will be considered against the Performance Period from the start of the subsequent month – i.e. the start of the next Performance Month.
7. Any Supply Meters that move from Class 3 to Class 2 or vice-versa during the Performance Period will have to meet the Valid Meter Reading submission level of the lower target for the whole of the Performance Period.
8. Reporting will be produced and sent to Shippers by the 20th day of each month and will highlight to Shippers all Supply Points where the individual Performance Measure has fallen below the Minimum Performance Standard. Notification and backing data containing the individual Supply Points will be sent to the relevant Shipper(s). Summary reporting will also be delivered to the PAC in a timely manner.
9. Affected Shippers will be obliged to change the class of the relevant Supply Points to Class 4 at the earliest opportunity, but in any event the transfers must be completed within 20 calendar days from receipt of the report. The only exceptions to this are
 - i) any Supply Points where the Class 1 Requirement applies during the Performance Period – including, for the avoidance of doubt, those where the Supply Meter Point is comprised in a Supply Point in respect of which the circumstances set out in the Class 1 Ratchet Charge Guidance Document apply.
 - ii. any Supply Points where the supplier has changed during the Performance Period or prior to the reclassification of the Supply Point. Where a change of supplier occurs during the Lock-Out Period then the Lock-Out period will immediately end.
10. To allow for faulty meters and problematic sites any Shipper that achieves the Minimum Performance Measure for:
 - a) at least 90% of their Class 2 Supply Meter portfolio shall not be required to reclassify any existing Class 2 Supply Meters to Class 4
 - b) at least 90% of their Class 3 Supply Meter portfolio shall not be required to reclassify any existing Class 3 Supply Meters to Class 4.
11. The Performance Measure will be solely based on the Performance Period. Any improvement in performance after a Performance Period, but prior to the registration into Class 4, will not be considered and cannot be used as a reason for non-registration into Class 4. Once a Supply Point is determined to have failed the Performance Target for a Performance Period the Supply Point will be required to be reclassified – regardless whether performance subsequent to the Performance Period, but prior to reclassification, improves such that the

Supply Point would not have failed the Performance Target in the subsequent Performance Period.

12. If the identified poor performing Supply Points have not been registered and become effective into Class 4 within 20 days of receipt of the reports by Shippers, the CDSP will reclassify these Supply Points to class 4 as soon as is practical. For the avoidance of doubt, any poor performing sites that fail the target will remain in the Performance Contributing Portfolio and will continue to contribute to any subsequent Performance Period measures until they are registered into Class 4
13. Any Supply Points in Classes 2 and 3 transferred to Class 4 due to the failure to meet the minimum Performance Measure at the Supply Meter may not be transferred to Classes 2 and 3 for a minimum Lock-out period, which will initially be set at (3) months, from their transfer into Class 4. This Lock-Out Period will be determined on an annual basis by the PAC. This condition will not apply after a change of Shipper where the new Shipper will be able to change any Class 4 Supply Point into Class 2 or Class 3 in line with normal UNC timescales. This Lock-Out period will not apply to a Supply Point that requires to be re-registered from Class 4 to Class 1.
14. New reports will need to be added to the Performance Assurance Reports Register (PARR) in order to provide Shipper performance in adhering to the criteria specified in this Modification. These are included below.

Workgroup Review of this Proposed Variation

Workgroup 0664 has considered the amendments detailed in the proposed Variation on the 10th August 2020, agreeing that they, along with the associated revised Legal Text provide assurances that they appropriately address the concerns which had been identified during the Consultation of Modification 0664.

The Workgroup also believe that these changes better facilitate relevant objectives (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;

and would recommend that UNC Panel re-issue Modification 0664V for further consultation prior to proceeding for Authority Direction with the supporting

Supplemental report included in the revised Modification 0664V and any associated further analysis in the Draft Modification Report.

Proposer's Representative

Mark Jones

Proposer

SSE