

Representation - Draft Modification Report UNC 0664

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

Responses invited by: **5pm on 19 March 2020**

To: enquiries@gasgovernance.co.uk

Please note submission of your representation confirms your consent for publication/circulation.

Representative:	Mark Jones
Organisation:	SSE Energy Supply Limited
Date of Representation:	19 March 2020
Support or oppose implementation?	Support
Relevant Objective:	d) Positive

Reason for support/opposition: Please summarise (in one paragraph) the key reason(s)

As the proposer of this modification we fully support its implementation. Industry reporting has revealed that there a number of shippers who have been placing large numbers of sites into product classes 2 and 3 for a significant period of time, and subsequently have been registering very low volumes of valid readings in the CDSP systems on a portfolio basis for these sites. The principle objective of placing these sites into these product classes very much appears to be to achieve a much lower level of UIG for these sites. If the much lower daily meter reading target of 25% for 90% of the portfolio, as proposed by this modification, is unable to be achieved over a rolling three month period, then we feel that these customers, who should in reality be meeting the much higher stated UNC targets, should not be benefitting from the lower UIG which these product classes are allocated. Whilst arguments have been put forward about smart meters not working or communicating correctly, the 90% portfolio target in the modification allows for these problems, and that if there are significant numbers with these issues then they should be moved by the shipper concerned into product class 4.

Also, large numbers of sites that are spuriously placed into these categories send incorrect signals to the CDSP, who has to ramp up its systems and processes to meet this indicated higher meter reading processing demand, even though, in reality, the levels will not reach those indicated, resulting in industry work and costs to mitigate for scenarios which may never occur, but which look possible from the number of sites put into product classes 2 and 3.

Implementation: *What lead-time do you wish to see prior to implementation and why?*

We would like to see this modification implemented as soon as possible, acknowledging the fact that the system changes will have to be scheduled into a future UK Link System release by the CDSP.

Impacts and Costs: *What analysis, development and ongoing costs would you face?*

No significant costs identified

Legal Text: *Are you satisfied that the legal text will deliver the intent of the Solution?*

Yes.

Modification Panel Members have requested that the following questions are addressed:

Q1: Consider whether proposal has an impact on Shippers who ship for other parties?

The four product classes are shipper settlement classes and they are not supplier or customer classes. Shippers may choose to offer corresponding products to suppliers and customers, but are under no obligation to do so, in the same way they do not have to offer any other form of structured commercial contract.

In workgroup discussions it was clear that some shippers who ship for other suppliers are actually delegating some of their shipper tasks to the appointed suppliers, such as, for example, the provision of meter readings. It is clear that all obligations under the UNC in relation to shippers are the responsibility of the shipper, and so if a shipper effectively outsources any aspect of its obligations to a supplier, or to any other agent for that matter, then the shipper is still the party responsible for its own performance under the UNC. In order to guard against performance being deficient in any way, shippers should put in place proper commercial contact with those parties to incentivise them so that expected UNC performance standards are always met.

Are there any errors or omissions in this Modification Report that you think should be taken into account? *Include details of any impacts/costs to your organisation that are directly related to this.*

No.

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