UNC Modification	At what stage is this document in the process?

UNC 0672:

Target, Measure & Report Product Class 4 Read Performance

01 Modification
02 Workgroup Report
03 Draft Modification Report
04 Final Modification Report

Purpose of Modification:

This Modification seeks to reduce Unidentified Gas (UIG) volume by providing a target for read submission performance for Product Class 4 sites against overall portfolio. This Modification proposes to target and measure performance against an agreed percentage for Energy reconciled after a defined period and provide PAC with an un-anonomysed report which will enable them to target shippers whose performance is below the target threshold.

The Proposer recommends that this Modification should be:

- subject to self-governance
- assessed by a Workgroup

This Modification will be presented by the Proposer to the Panel on 19th September 2019. The Panel will consider the Proposer's recommendation and determine the appropriate route.

High Impact:

None

Medium Impact:

CDSP and Shippers

Low Impact:

Transporters

Contents

Timetable

The Proposer recommends the following timetable:

Initial consideration by Workgroup	31 October 2018
Workgroup Report presented to Panel	~~19th December 2019~~16th April 2020
Draft Modification Report issued for consultation	~~19th December 2019~~TBC
Consultation Close-out for representations	~~23rd January 2020~~TBC
Final Modification Report available for Panel	~~30th January 2020~~TBC
Modification Panel decision	~~20th February 2020~~TBC

Any questions?

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1 Summary

What

There has been excessive levels and volatility in Unidentified Gas (UIG) since the implementation of Project Nexus on 01 June 2017. To ensure the accuracy of energy calculations it is extremely important that regular meter reads are submitted for all Supply Points. Supply Points with no read accepted by Xoserve in 12+ months increase the risk of inaccurate deemed energy volumes, which drive volatility in UIG allocation and reconciliation.

UIG levels could be reduced by ensuring that Shippers are submitting as many regular and valid meter reads as possible for sites within Product Class 4. Providing shippers with a read performance target against overall portfolio will result in ~~a~~ more accurate deemed energy volumes and in turn will reduce the volatility in UIG allocation and reconciliation.

Why

Ofgem have highlighted in response to previous Modifications, (notably UNC 0619 & 0642/0643) that they consider meter read submission performance a significant influencing factor in UIG, which is ~~-~~further supported by Xoserve UIG Task Force (as established by UNC Mod 0658) who have identified that lack of meter reads is a major risk factor for UIG.

- For Class 1 and 2 sites, this means that an estimate is used in daily allocation. The difference between estimate and actual creates UIG. This is resolved once an actual reading is received.
- For Class 3 and 4 sites, this delays reconciliation and means that AQ could be out of date.

The proposer of this Modification agrees that more frequent meter read submission and a greater percentage of reads against the overall portfolio will reduce levels of UIG exposure, as a greater percentage of a shippers overall portfolio will be settling on more accurate deemed energy volumes.

At present there are read submission performance targets set out in the UNC TPD Section M but these target percentage of sites that a read should be submitted for. The risk is that if there are larger sites where a read is not received that will be contributing more to UIG even though the shipper may be achieving the read submission target. There is currently insufficient reporting detail to show performance against overall portfolio and no target within UNC TPD Section M that shippers should achieve.

The benefit of introducing an additional read performance obligation on shippers would be to increase the accuracy of the total kWh settled in Product Class 4 which would in turn increase confidence in the accuracy of nominations, allocations, reconciliations, energy charges and UIG arising from Product Class 4 sites, which should reduce volatility across the market.

How

The solution will be to introduce an obligation for shippers to achieve set performance for readings against overall AQ portfolio for:

- Class 4 with an AQ >293,000kWh
- Class 4 with an AQ <293,000 with Smart/AMR equipment recorded on UKLink
- Class 4 with an AQ <293,000 without Smart/AMR equipment recorded on UKLink.

August AQ at Risk Statistics are available at: https://gasgov-mst-files.s3.eu-west-1.amazonaws.com/s3fs-public/ggf/2019-09/3.6%20AQ%20At%20Risk%20Statistics%20October%202019.pdf

New reporting would be required to:

- ⇨ Calculate the shipper performance vs target by product class
- ⇨ Calculate the shipper performance by annually read sites
- ⇨ Calculate the shipper performance by monthly read sites both SMART/AMR and AQ >293,000 kwh

The reporting would be produced monthly and shippers will be measured against a target of percentage (%) of overall AQ portfolio reconciled to an actual read:

a) Annual read sites – no reading for > 12months.

b) Monthly read sites – no reading for > 1 month.

This target would mean that shippers with monthly read sites would need to provide readings within one month and reporting would be to show AQ volume without a read >1 month. Shippers with annually read sites would need to provide readings within 12months and reporting would be to show AQ volume without a read >12months.

The % energy reconciled target will be set initially at the levels stated below, these will be detailed in the Performance Assurance Report Register. This can be amended by UNCC majority. Class 4 with an AQ >293,000kWh – Reads submitted for 90% of overall AQ portfolio for the previous month.

- Class 4 with an AQ <293,000 with Smart/AMR equipment recorded on UKLink - Reads submitted for 90% of overall AQ portfolio for the previous month.
- Class 4 with an AQ <293,000 without Smart/AMR equipment recorded on UKLink - Reads submitted for 90% of overall AQ portfolio for the previous 12 months.

2 Governance

Justification for Authority Direction

This Modification seeks to provide enhanced reporting and a target performance measure based on industry standard, it is therefore suggested that this should be self-governed as it will not result in additional costs for shippers.

Requested Next Steps

This modification should:

- be subject to self-governance
- be assessed by a Workgroup

3 Why Change?

There has been excessive levels and volatility in nominations, reconciliations and UIG since implementation of Nexus. Supply Points with no read accepted by Xoserve in 12+ months are at high risk of having inaccurate deemed energy volumes and thereby creating UIG and uncertainty.

At present there are read submission performance targets set out in the UNC TPD Section M but these target percentage of sites that a readings should be submitted for. The risk is that if there are larger sites where a reading is not received that will be contributing more to UIG even though the shipper may be achieving the read submission target see worked example fig.1. There is currently insufficient reporting detail to show

performance against overall portfolio and no target within UNC TPD Section M that shippers should achieve. Total kWh settled and no accompanying target.

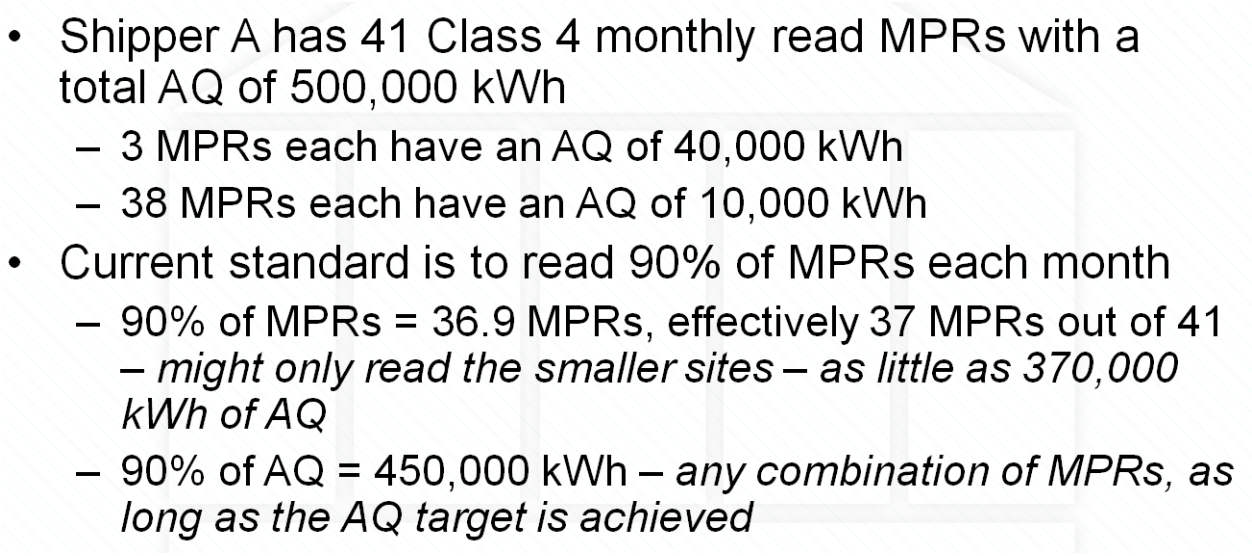


Fig.1

Identifying and reporting read performance against the overall portfolio this will encourage Shippers to submit reads in a timely manner and target larger sites where a lack of reading has a greater impact on UIG, this will ensure accurate energy calculations take place. It will provide PAC with an additional measure which they can use to monitor shipper performance and challenge where this does not meet the required standard. This will help reduce volatility of nominations, allocations, reconciliations and UIG. This change will also provide confidence in these measures for Product Class 4.

If this change is not implemented, then UIG volatility will remain and confidence in the volumes attributed to Product Class 4 sites will remain a concern.

Analysis

ScottishPower Analysis

Working from the following assumption:

- The more recent the read, the more recent the Annual Quantity (AQ) Calculation
- The more recent the AQ Calculation, the more accurate the AQ
- The more accurate the AQ, the more accurate the NDM allocation
- The more accurate the NDM allocation, the less volatile the UIG

Analysis was carried out by ScottishPower on AQ's which calculated on 1st July 2018 to confirm the volatility of AQ movement based on the last time the AQ calculated.

The data was all Product Class 4 Meter Point Reference Numbers (MPRN) taken from T04 records which met the following criteria:

- REVISED_SUPPLY_METER_POINT_AQ_EFFECTIVE_DATE = 01/07/2018
- CONFIRMATION EFFECTIVE_DATE < 01/07/2017 - to ensure supply period > 1 year
- AQ_CORRECTION_REASON_CODE = null

The MPRN list was then compared against T04 records from July 17 – June 18 to confirm the previous calculation date.

NOTE: October / April list only included meter points where REVISED_SUPPLY_METER_POINT_AQ_EFFECTIVE_DATE was populated.

The data was then grouped into 3 categories based on PERCENTAGE_AQ_CHANGE on 01/07/2018:

- Where the AQ has moved under +/- 10% - low volatility to the AQ, pre-01/07/2018 AQ would still have been accurate
- Where the AQ has moved between +/- 10% to +/-50%
- Where the AQ has moved over +/- 50% - high volatility with AQ movement, pre-01/07/2018 AQ not have been accurate

The % of MPRNs calculating in each of the 3 categories based on the last calculation date:

The 01/06/2017 date is used as a default, as an AQ had not calculated since Project Nexus Go-Live but last calculation date could be any time pre-01/06/2017.

Fig2 Graph below highlights the link between the AQ % movement and the time between read submissions.

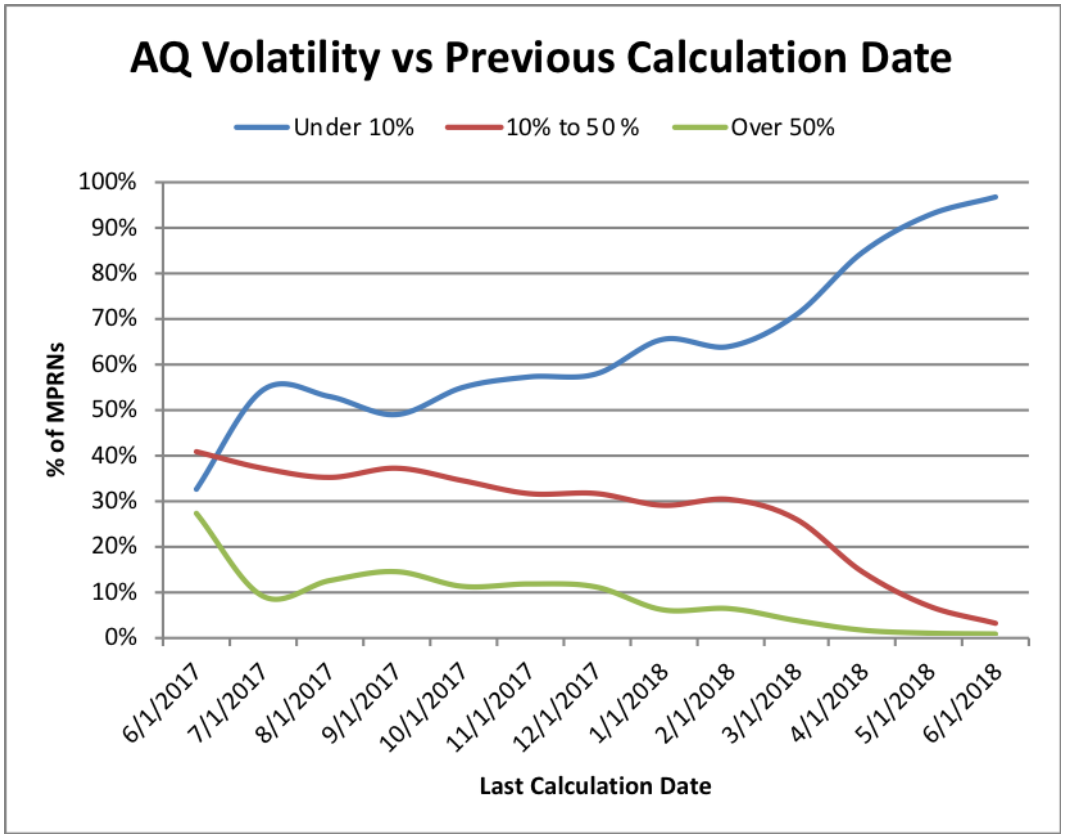


Fig.2

Key points are:

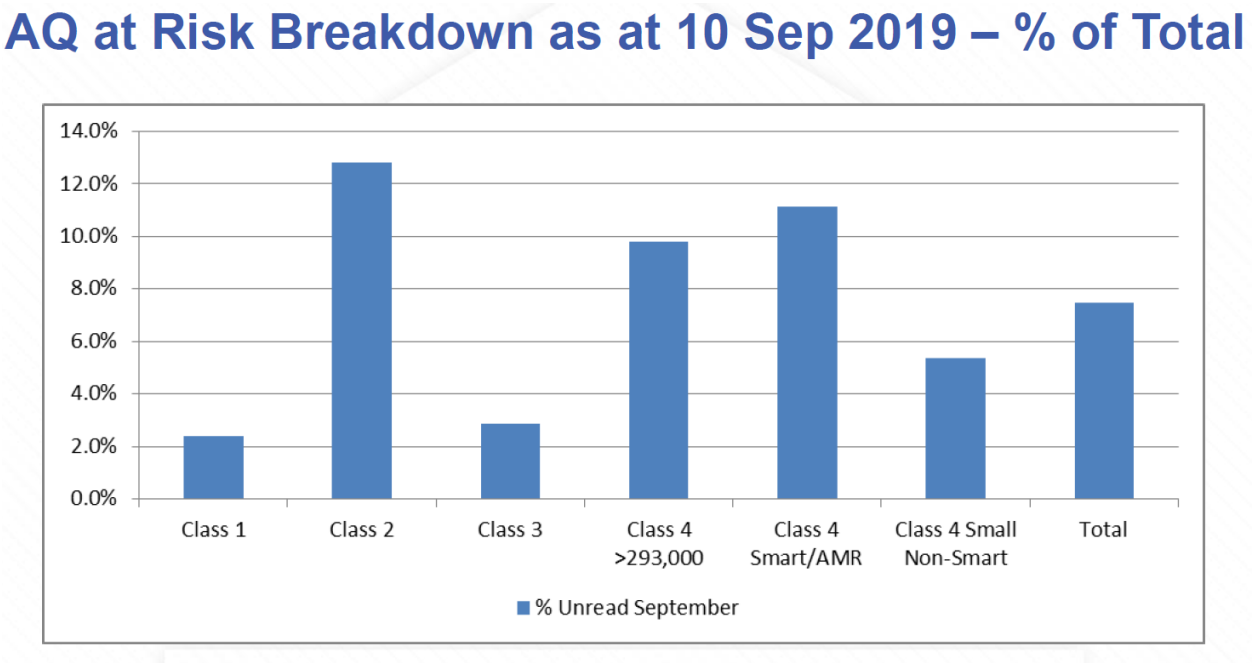
- Low volatility where the last AQ was calculated within the last 3 months as 84 – 96% of MPRNs moved by <10%
- There is some volatility where the last AQ calculated within the last 4 -12 months as 50 – 70% of MPRNs moved by <10%, though only C10% of MPRNs moved by >50%
- Much higher volatility where the last calculation date is > 12 months as 27% of MPRNs moved by >50%. Only 32% of AQ's moved by <10%.

If the new AQ's on 1st July had not calculated, the meter points that had not calculated > 12 months ago would have caused higher UIG volatility than a site calculated more recently.

Xoserve Analysis

AQ at Risk Prototype Reporting

Xoserve have produced a prototype report which analyses UK wide performance for AQ at Risk. This shows that for the month of September 7.5% of the overall AQ has had no reading. It also provides evidence that Product Class 4 sites with an AQ >293,000 kWh have worse performance than those with an AQ <293,000 kWh and therefore are a greater risk to UIG.



4 Code Specific Matters

Reference Documents

UNC Transportation Principle Document (TPD) Sections M https://www.gasgovernance.co.uk/TPD

5 Solution

This proposal seeks to amend UNC TPD Sections M.

A new report will be included in the Performance Assurance Report Register (PARR) document. This reporting will be shared with PAC on a monthly basis at an un-anonymised level.

For the avoidance of doubt, a Change Proposal will be raised with the CDSP to ensure that MPRN level data would be made available to individual shippers.

This target would provide shippers with specific targets to submit Meter Readings based upon the AQ or the Supply Meter Point and the equipment present.

Business Rules

1. It is proposed that there is a new read performance obligation added to UNC TPD Section M to obligate Shippers to submit Meter Readings for Class 4 Supply Meters meeting the criteria of the following reports.

a) **Percentage monthly read AQ for sites >=293,000 -** Class 4 sites with an AQ >293,000 kWh will need to submit a Meter Reading within a 1 month window for 90% of their Shipper **AQ Portfolio** meeting the criteria specified in this paragraph.

b) **Percentage monthly read AQ for sites <293,000 with SMART/AMR -** Class 4 sites with an AQ <293,000 kWh and where an Operational Smart Meter is fitted or an Advanced Meter is flagged as being present at the Supply Meter Point will need to submit a Meter Reading within a 1month window for 90% of their Shipper **AQ Portfolio** meeting the criteria specified in this paragraph.

c) **Percentage annually read AQ for sites <293,000 with no SMART/AMR -** Class 4 sites with an AQ <293,000kWh and where neither an Operational Smart Meter is fitted or an Advanced Meter is flagged as being present at the Supply Meter Point will need to submit a Meter Reading within a 12 month window for 90% of their Shipper **AQ Portfolio** meeting the criteria specified in this paragraph.

2. For the avoidance of doubt, for each Gas Year, the Performance Assurance Committee will maintain or revise the read performance obligation. 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.

~~c)~~ 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 This can be amended by UNCC majority.

~~2.~~3. **Operational Smart Meter** means where a Meter Reading is capable of being able to be retrieved remotely from the asset and made available to the Registered Supplier. For the avoidance of doubt the CDSP shall determine the Smart Meter as being Operational where:

a) A Meter is installed with a NS or S1 Meter Mechanism where the Installing Supplier is the current Registered Supplier;
b) A Meter is installed with a Meter Mechanism of S2; or
c) The DCC Flag recorded

~~3.~~4. The formula to calculate performance for each report is:

$$\frac{\text{Total AQ for eligible Supply Meter Points where a Meter Reading has been obtained that meets the report criteria} * 100}{\text{Total AQ for eligible Supply Meter Points which meet the report criteria}} = \text{Performance \%}$$

5. The percentage target for each measure will be detailed in the Performance Assurance Report Register, Schedule 2A.

~~1.~~

~~2. This can be amended by UNCC majority.~~

~~3.~~6. Read submission would be measured by the receipt of a valid read, accepted into CDSP systems. The relevant percentage would be calculated on a monthly basis for performance in the previous calendar month. The AQ's in the portfolio would be calculated as of the 1st day of the month.

~~4.~~7. Any Class 4 Supply Meter is subject to this regime except for:

a) Following a Change of Shipper event after the last day of the preceding month performance measurement would begin from the first day of the following month after the Supply Point was registered allowing complete months to be measured.
b) Where a Smart or Advanced Meter is installed which replaces an asset which is not an Operational Smart Meter or Advanced Meter after the last day of the preceding month performance regime would start from the first day of the following month after the asset was installed allowing complete months to be measured.

c) Where a Supply Meter Point no longer qualifies for monthly performance within a calendar month then it will not be subject to the Monthly performance measure for the performance period. It will be a candidate for the annual performance measure from the start of the subsequent performance period. For the avoidance of doubt, as the Annual process is a collation of 12 monthly performance periods; once the Shipper has 12 consecutive performance periods they will be included in the Annual Performance Report.

~~d)~~

~~5.~~8. For the avoidance of doubt, when a Supply Meter Point is reclassified to become a Class 4 Supply Meter, or a Meter is no longer an Operational Smart Meter or Advanced Meter – for example as a result of the Installing Supplier no longer being the Registered User – the revised applicable performance regime would start with immediate effect.

~~6.~~9. A Supply Meter Point AQ would remain in the AQ reporting pot for the month in which it was changed and would then be included in the Shipper's AQ Portfolio from the 1st day of the following month

~~7.~~10. For the avoidance of doubt, the report described in business rule 1 shall be produced upon implementation of this Modification and be added to the PARR in line with the specification, see Appendix 1. Reporting will be produced on the 10th day following month end and will be reported to PAC on the second Tuesday of the following month.

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

No direct consumer impacts identified. However, the workgroup should take into consideration any possible consumer impacts during the assessment of this Modification.

Cross Code Impacts

This performance measure will be applicable to IGT sites so an ~~here may be I~~IGT UNC modification may be ~~impacts~~ required.~~to be considered by the workgroup.~~

EU Code Impacts

None identified

Central Systems Impacts

There should be limited central systems impact other than the provision of the new reporting.

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.	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 that by targeting meter read performance across Shippers and customer types, it should help to reduce the levels, volatility and unpredictability of UIG, reduce uncertainty in estimation and improve the accuracy of cost targeting and therefore further Relevant Objective d) Securing of effective competition between Shippers and Suppliers.

8 Implementation

No implementation timescales are proposed; however, implementation could be as soon after a decision to implement has been received.

9 Legal Text

Text Commentary

To be provided by Transporters

Text

To be provided by Transporters

10 Recommendations

Proposer's Recommendation to Panel

Panel is asked to:

- Agree that this is subject to self-governance
- Refer this proposal to a Workgroup for assessment.

11 Appendix

PARR Reporting

Schedule 2A.x – Class 4 Meter Read Performance as Percentage of AQ Read

Report Title	**Class 4 read submission performance as a percentage of portfolio AQ**
Report Reference	2A.x (reference to be determined following implementation of UNC Modification 0672)
Report Purpose	To compare Shipper performance in managing their valid meter reading submission for Class 4 supply points against targets set out in the UNC Related Document 'Percentage Overall AQ Portfolio Read in Product Class 4'.
Expected Interpretation of the report results	The aim is to understand whether required UNC minimum standards are being met. The report should identify performance across all market participants
Report Structure (actual report headings & description of each heading)	Monthly non-cumulative report Peer Comparison Identifier Separated by AQ banding and by Meter Read Frequency/equipment type Percentage of portfolio AQ without a meter reading for the required duration (either one month or 12 months) Industry Average
Data inputs to the report	SSC Peer Comparison Identifier Annual Quantity Equipment type and status (whether a Smart/advanced meter is "operational" as defined in UNC) Meter reading history
Number rounding convention	Percentage to one decimal place
History (e.g. report builds month on month)	A Rolling 12 month view, provided monthly

Rules governing treatment of data inputs (actual formula/specification to prepare the report)	Sites are excluded if there was a change of Shipper or where an "operational" Smart or Advanced meter was fitted for the first time in the calendar month. NTS sites are excluded. IGT sites are included. Performance targets are: a) **Percentage monthly read AQ for sites >=293,000 -** Class 4 sites with an AQ >293,000 kWh will need to submit a Meter Reading within a 1 month window for **90%** of their Shipper **AQ Portfolio.** b) **Percentage monthly read AQ for sites <293,000 with SMART/AMR -** Class 4 sites with an AQ <293,000 kWh and where an Operational Smart Meter is fitted or an Advanced Meter is flagged as being present at the Supply Meter Point will need to submit a Meter Reading within a 1month window for **90%** of their Shipper **AQ Portfolio.** c) **Percentage annually read AQ for sites <293,000 with no SMART/AMR -** Class 4 sites with an AQ <293,000kWh and where neither an Operational Smart Meter is fitted or an Advanced Meter is flagged as being present at the Supply Meter Point will need to submit a Meter Reading within a 12 month window for **90%** of their Shipper **AQ Portfolio.** The report is prepared as soon as possible after the end of the calendar month
Frequency of the report	Monthly
Sort criteria (alphabetical ascending etc.)	Peer Comparison Identifier alphabetically
History/background	Requirement introduced to support UNC Modification 0672 obligations
Additional comments	
Estimated development costs	
Estimated ongoing costs	

Percentage of Supply Point AQ without an accepted meter reading for the required duration							
Sub-category	Month	Month x+1	Month x+2	Month x+3	Month x+4	Month x+5	Etc.
Identifier A	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Identifier B	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
etc							
Industry Total	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Separate report pages for:

a) Percentage of monthly read AQ for sites >293,000 kWh which were without a reading for more than a month
b) Percentage AQ for sites <293,000 kWh with SMART/AMR (where an Operational Smart Meter is fitted or an Advanced Meter is flagged as being present at the Supply Meter Point) which were without a reading for more than a month
c) Percentage annually read AQ for sites <293,000 where neither an Operational Smart Meter is fitted or an Advanced Meter is flagged as being present at the Supply Meter Point which were without a reading for more than 12 months