

UNC Modification	At what stage is this document in the process?
<div>UNC 0884:</div> <div>Extending the PC4 Read Submission Window</div>	<div>01Modification</div> <div>02Workgroup Report</div> <div>03Draft Modification Report</div> <div>04Final Modification Report</div>
<div><b>Purpose of Modification:</b></div> <div>Under UNC TPD, M, 5.9.4, Shippers have 25 Supply Point Systems Business Days (SPSBD) after the read date to submit a read for settlement. Where there's an issue preventing the read from being validated, and that issue is not resolvable within the 25 SPSBD timeframe, the read becomes unusable. This is problematic for meter reads that are hard to retrieve. This modification seeks to extend the window beyond 25 SPSBDs.</div>	
<div><b>Next Steps:</b></div> <div>The Proposer recommends that this Modification should be:</div> <div><ul style="list-style-type: none"><li>subject to Self-Governance</li><li>proceed to Consultation.</li></ul></div> <div>This Modification will be presented by the Proposer to the Panel on 20 June 2024. The Panel will consider the Proposer’s recommendation and determine the appropriate route.</div>	
<div><b>Impacted Parties:</b></div> <div>Medium: Shippers, Suppliers, Consumers</div> <div>Low: Distribution Network Operators, Independent Gas Transporters, CDSP</div>	
<div><b>Impacted Codes:</b></div> <div>N/A</div>	

## Contents

<b>1 Summary</b>	<b>3</b>
<b>2 Governance</b>	<b>5</b>
<b>3 Why Change</b>	<b>5</b>
<b>4 Code Specific Matters</b>	<b>5</b>
<b>5 Solution</b>	<b>6</b>
<b>6 Impacts &amp; Other Considerations</b>	<b>6</b>
<b>7 Relevant Objectives</b>	<b>8</b>
<b>8 Implementation</b>	<b>9</b>
<b>9 Legal Text</b>	<b>9</b>
<b>10 Recommendations</b>	<b>9</b>

## Timetable

### Modification timetable:

Pre-Modification Discussed	23 May 2024
Date Modification Raised	11 June 2024
New Modification to be considered by Panel	20 June 2024
First Workgroup Meeting	27 June 2024
Workgroup Report to be presented to Panel	19 September 2024
Draft Modification Report issued for consultation	20 September 2024
Consultation Close-out for representations	10 October 2024
Final Modification Report available for Panel	15 October 2024
Modification Panel decision	21 November 2024



Any questions?

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# 1 Summary

## What

Under UNC TPD, in Profile Class (PC) 4, M, 5.9.4, Shippers have 25 Supply Point System Business Days after the read date to submit a meter read for Settlement. Where there is an issue preventing the read from being validated, and that issue is not resolvable within the 25 Day timeframe, the read becomes unusable. This is problematic for meter reads that are hard to retrieve from the meter. For example, it might take several months to obtain another reading from the meter.

## Why

Enabling more valid reads to be entered into Settlement would decrease Settlement imbalance, unbilled, Unidentified Gas (No reads at Line in the Sand is a UIG contributor), manual AQ fixes, repeated costs for additional site visits, and time and money spent on must-reads.

## How

### Read capacity

The 0851R - Extending the Annually Read PC4 Supply Meter Point (SMP) read submission window Workgroup discussions have identified that CDSP systems capacity is not a concern: [page 15](#) shows that on average 4.4 million (mn) reads are submitted to CDSP a day, with peaks of 11 mn well below the 32 mn capacity.

To ensure that Shippers do not stack their submissions towards the end of the submission window, and thereby incentivise Settlement to be performed as promptly as reasonably practicable, this Modification proposes the implementation of staggered benchmarks by which to submit a percentage of your total valid reads, as described in the solution section below.

Staggered benchmarks allow the extension of the window so that problematic reads can have a fix applied and then be submitted for Settlement but protects Settlement processes by having the majority of reads submitted early within the window.

### Window length

It is the intention that the extended window will only provide extra time for those reads that need it due to complexity. E.g. where a missed meter exchange requires that a fix is put in place before a meter read can be considered Valid, it is probable that it would not be re-submittable within 25 SPSBDs. This intention is reinforced by requiring that the majority of reads be submitted within the earlier staggered benchmarks. For avoidance of doubt, this Modification will not prescribe that a meter read that does not require a correction prior to submission cannot be submitted within the later stages of the submission window.

To guide how the staggered benchmarks should be set, the Performance Assurance Committee (PAC) issued a Mandatory Request for Information (RFI) to Parties, which captured the time required for an extended read submission window. <sup>1</sup> Unfortunately, this was not conclusive on how long parties would reasonably require to correct a read.

This Modification will therefore seek to align the read submission window with that which is being implemented for electricity under the Market-wide Half Hourly Settlement Programme (MHHS), and has been approved by Ofgem. MHHS is amending its Settlement timetable so that reads which are received up to 4 months from the date of the reading will be included in Settlement calculations. Note: MHHS is reducing the RF window from 14 months to 4.<sup>2</sup>

<sup>1</sup> RFI documentation [here](#)

<sup>2</sup> The Design Working Group set the rationale for a 4-month window in which reads can be submitted for settlement. 4 months was seen as adequate time for smart meters to submit reads to settlement, and RF was not reduced beyond 4 months, as this was seen as putting settlement fixes related to faults at risk. For further info, see [here](#).

Why not 45 SPSBDs?

It was suggested by a 0851R workgroup participant that an alternative Modification could be raised which would extend the window by 1 month to 45 SPSBDs, as 80 SPSBDs is potentially too long. They preferred a shorter timeframe due to the potential for parties that are due to go in administration or withdraw from the market to withhold reads from Settlement for short-term financial gain.

However, no evidence has been provided to suggest that this would be a material risk. Prior to recent market stresses that caused the Shipper and Supplier of Last Resort processes to be initiated for numerous parties, this was raised as a concern. However, following the recent SoLRs, this concern was shown to be immaterial. Anecdotal evidence from the BSC PAB secretary noted that no party that undertook SoLR attempted to game RF, as doing so would:

- expose the party to imbalance charges in the near-term and higher charging at a later date;
- undermine the reputation of the party; and
- expose the party to potential for fraud.

Furthermore, today, this concern does not have merit as Ofgem have introduced the Financial Responsibility Principle, as described [here](#):

*“The Financial Responsibility Principle (FRP) acts as an overarching obligation to ensure licensees act in a financially responsible manner that is appropriate for their business specific risks. This means they properly manage risk, are well-capitalised, and able to withstand severe but plausible financial stress.”*

Furthermore, the RFI noted that, whilst Shippers do hold back reads which fail their internal validation, 95% of reads are submitted within 10WD. This indicates that most reads are passed through automatically, and therefore variances from the norm can be assured by the PAC, as required.

An 80 SPSBD submission window coupled with staggered benchmarks incentivises Shippers to act in a responsible manner whilst enabling larger volumes of hard-to-submit reads to enter into Settlement.

Setting the read window at 45 SPSBDs could have the unintended consequence of disincentivising Shippers from fixing the underlying causes of reads being entered into Settlement, due to the time frame being too short.

NB: non-domestic Shippers will be less exposed to FTE bottlenecks for processing reads due to the volumes of reads being entered into Settlement being significantly lower.

Optimal read window (the sweet spot)

To ensure that the maximum amount of reads can be submitted to CDSP prior to CDSP's settlement processes running on the 10<sup>th</sup> of the month, CDSP performed analysis to see what the optimal SPSBDs should be. For one month extension to reconciliation invoicing and AQ processes the optimal read window would be 45-47 SPSBDs, for a two-month extension it would be 65-67 SPSBDs, a three-month extension would be 85-87 SPSBDs. The impact of a read not being submitted before the 10<sup>th</sup> of the month is that Settlement would need to push into the next month's Settlement run.

The sweet spot would be a valid variable to add to the submission window if shippers were submitting reads as late as possible in the read submission window. However, the RFI has proven that this is not the case, as 95% of reads are submitted within 10WD. Setting the deadline as 85 SPSBDs has therefore not been adopted for this Modification proposal. 45 SPSBDs, however, has been adopted for 5.9.4(c).

## 2 Governance

### Justification for Self-Governance

#### Self-Governance Criteria

The modification:

(i) is unlikely to have a material effect on:

- (aa) existing or future gas consumers; and
  - (bb) competition in the shipping, transportation or supply of gas conveyed through pipes or any commercial activities connected with the shipping, transportation or supply of gas conveyed through pipes; and
  - (cc) the operation of one or more pipe-line system(s); and
  - (dd) matters relating to sustainable development, safety or security of supply, or the management of market or network emergencies; and
  - (ee) the uniform network code governance procedures or the network code modification procedures; and
- (ii) is unlikely to discriminate between different classes of parties to the uniform network code/relevant gas transporters, gas shippers or DN operators.

#### Requested Next Steps

This Modification should:

- be considered a non-material change and subject to Self-Governance.
- proceed to Consultation.

## 3 Why Change

Under UNC TPD, in Profile Class (PC) 4, M, 5.9.4, Shippers have 25 Supply Point System Business Days after the read date to submit a read for settlement. Where there is an issue preventing the read from being validated, and that issue is not resolvable within the 25-Day timeframe, the read becomes unusable, as the CDSP systems would reject the meter read. This is problematic for meter reads that are hard to retrieve from the meter.

Enabling more valid reads to be entered into Settlement would decrease settlement imbalance, unbilled, Unidentified Gas (No reads at Line in the Sand is a UIG contributor), manual AQ fixes, repeated costs for additional site visits, and time and money spent on must-reads.

## 4 Code Specific Matters

### Reference Documents

[CDSP analysis on impacts to settlement processes](#)

## 5 Solution

### BR1: Staggered Benchmarks

- a. not less than 50% are submitted by the 10th Supply Point Systems Business Day after the Read Date;
- b. not less than 80% are submitted by the 25th Supply Point Systems Business Day after the Read Date;
- c. not less than 90% are submitted by the 45th Supply Point Systems Business Day after the Read Date;
- d. not less than 100% are submitted by the 80th Supply Point Systems Business Day after the Read Date and the CDSP shall notify each User of its performance in such respect.

### BR2: change “obtained” reads to “required” reads

Remove “obtained” and replace with 'Required' within 5.9.4 of TPD Section M.

For avoidance of doubt this will enable reporting to be created throughout the staggered benchmarks shown in BR1, if needed. For example, this could help PAC monitor and manage Shipper performance in relation to read submission. PAC are able to request reporting if they believe it would be useful to them.

## 6 Impacts & Other Considerations

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

No.

### Consumer Impacts

Where suppliers do not allow reads to be entered into billing due to failing validation, customers will have an improved billing experience.

Less need for repeat site visits to obtain meter reads, including Must Reads. Less Unidentified Gas would also be beneficial: More reads would help with more regular meter point reconciliation which could be beneficial for UIG reducing the number of sites that close out at Line in the Sand for UIG.

### What is the current consumer experience and what would the new consumer experience be?

- The inability of a shipper to load a valid meter read into settlement may also have knock on impacts for that read being entered into the customer's billing cycle.
- A secondary read request or site visit may also be required to gain a new read.
- The customers AQ may not be updated meaning that the supplier would have poor data on which to estimate a customer's bill.
- Enabling a longer read submission window, and thereby more time for shippers and their industry partners to fix the underlying cause of the invalid read from being entered into settlement, would have the effect of reducing the instances of the above impacts.

Impact of the change on Consumer Benefit Areas:	
Area	Identified impact
Improved safety and reliability N/a	None
Lower bills than would otherwise be the case Billing could be aligned to an erroneous AQ and/or read. Slight positive if total UIG is reduced as UIG is a line item in the Energy Price Cap	Positive
Reduced environmental damage N/a	None
Improved quality of service N/a	None
Benefits for society as a whole N/a	None

Performance Assurance Considerations

This Modification aims to increase settlement performance in Profile Class 4 by allowing time for problematic reads to become Valid Meter Reads.

Cross-Code Impacts

N/a

EU Code Impacts

N/a

Central Systems Impacts

The CDSP systems may require changes to facilitate the proposed increase to the 25 SPSBDs and to factor in the new staggered benchmarks for read submission.

An unintended consequence of this modification is that CDSP processes (e.g. AQ and reconciliation) might run later due to Shippers submitting reads towards the end of the read submission window. This has been managed by the introduction of staggered benchmarks, and PAC are able to enforce non-compliance where appropriate.

NB: CDSP running processes for reads that would otherwise not be submittable, is better than not running at all due to the meter read window being too short.

## 7 Relevant Objectives

Impact of the Modification on the Transporters' Relevant Objectives:	
Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	Positive
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.	Positive
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

- Relevant objective a) is improved upon as increased Valid reads will lead to increased settlement accuracy, allowing greater efficiency when transporting gas through the pipeline system.
- Relevant objective c) is positively impacted as shipper performance around read submission will be improved. This will have a knock-on impact on e) as it will reduce the secretarial burden required to interrogate read submission deficiencies.



## 8 Implementation

As this Modification requires CDSP system changes to facilitate a change in the 25 SPSBD read submission window, a change proposal will need to be raised for this Modification. As per the usual DSC Change process, the Change Management Committee will approve the implementation date for the associated change proposal. Therefore, implementation will align with system release.

## 9 Legal Text

Suggested wording of TPD, M, 5.9.4:

*“The requirement referred to in paragraph 5.9.3 is that, of the Valid Meter Readings ~~required obtained~~ by a User pursuant to paragraphs 5.9.7 to 5.9.12 in respect of Relevant Class 4 Supply Meters on any particular Day:*

*~~“(a) not less than 50% are submitted by the 10th Supply Point Systems Business Day after the Read Date; (b) not less than 100% are submitted by the 25th Supply Point Systems Business Day after the Read Date”~~*

*“a. not less than 50% are submitted by the 10th Supply Point Systems Business Day after the Read Date;*

*b. not less than 80% are submitted by the 25th Supply Point Systems Business Day after the Read Date;*

*c. not less than 90% are submitted by the 45th Supply Point Systems Business Day after the Read Date*

*d. not less than 100% are submitted by the 80th Supply Point Systems Business Day after the Read Date and*

*the CDSP shall notify each User of its performance in such respect.”*

## 10 Recommendations

### Proposer’s Recommendation to Panel

Panel is asked to:

- Agree that Self-Governance procedures should apply.
- Issue this Modification directly to Consultation.