Modification 0825 - Removal of the remaining RAASP elements of the Retrospective Adjustment arrangements put in place under Modification 0434

DWG 31 January 2023

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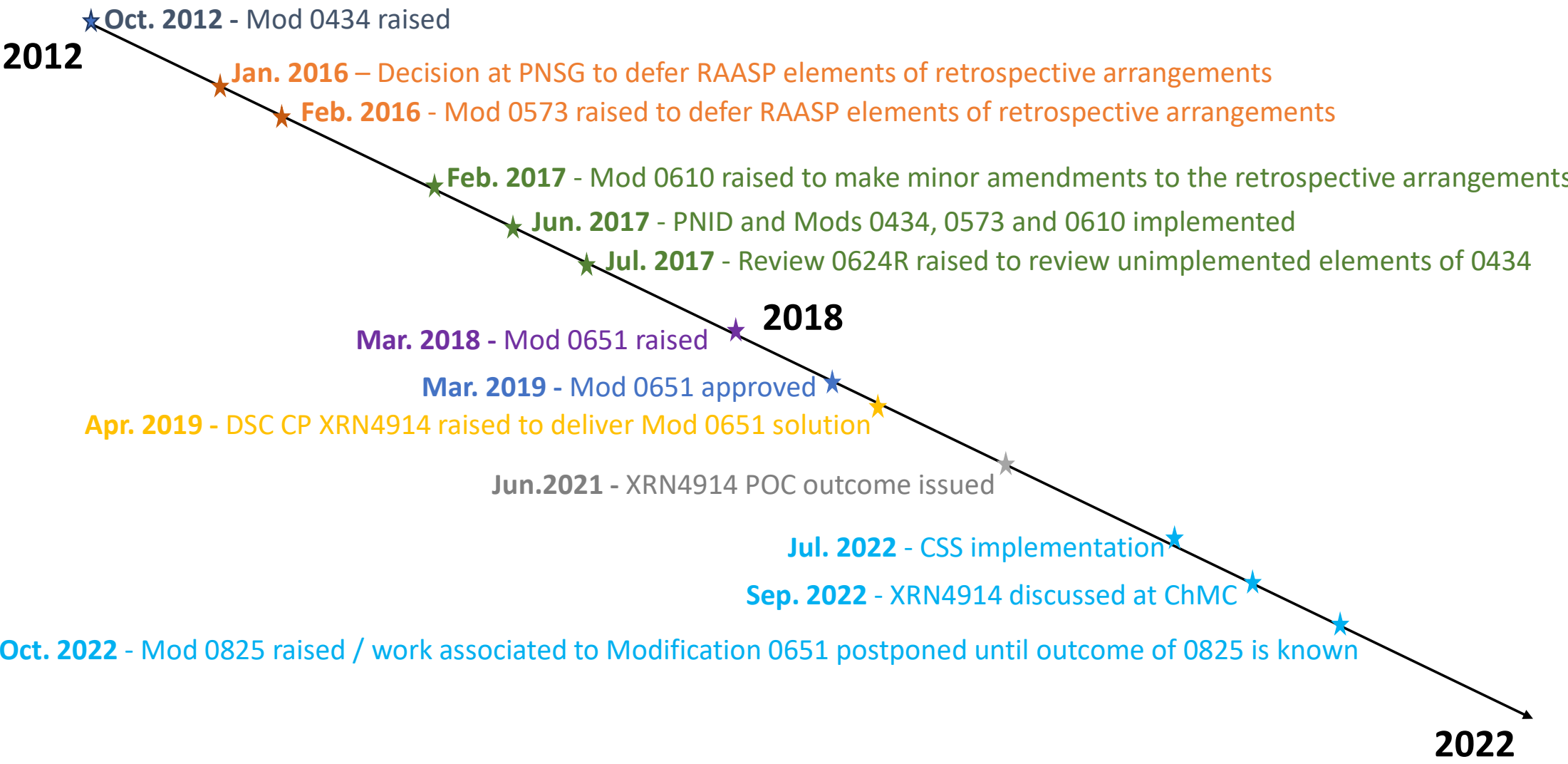➢ Change in landscape

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Modification 0825 WG Actions

The following actions were captured at the November 2022 0825 WG:

| 0211 | 02/11/22 | 1.0 | Workgroup participants to consider if Modification 0651 should still go ahead and be implemented, in particular, why is it still needed | Workgroup | ~~November 2022~~ January 2022 | **Carried Forward** |

| 0511 | 02/11/22 | 2.1.3 | Proposer (ACe) to assess the Relevant Objectives for Modification 0651 and update Workgroup on her findings as to how Modification 0651 would further the Relevant Objectives. | Proposer (ACe) | November 2022 | **Pending** |

Retro Timeline Summary

Oct. 2012 - Mod 0434 raised

2012

Jan. 2016 – Decision at PNSG to defer RAASP elements of retrospective arrangements

Feb. 2016 - Mod 0573 raised to defer RAASP elements of retrospective arrangements

Feb. 2017 - Mod 0610 raised to make minor amendments to the retrospective arrangements

Jun. 2017 - PNID and Mods 0434, 0573 and 0610 implemented

Jul. 2017 - Review 0624R raised to review unimplemented elements of 0434

Mar. 2018 - Mod 0651 raised

2018

Mar. 2019 - Mod 0651 approved

Apr. 2019 - DSC CP XRN4914 raised to deliver Mod 0651 solution

Jun.2021 - XRN4914 POC outcome issued

Jul. 2022 - CSS implementation

Sep. 2022 - XRN4914 discussed at ChMC

Oct. 2022 - Mod 0825 raised / work associated to Modification 0651 postponed until outcome of 0825 is known

2022

What retrospective arrangements have been delivered?

- UNC Modification 0434 'Project Nexus – Retrospective Adjustment' relating to the replacement of Meter Information, Meter Point/Supply Point and Address data.

- The Modification contained 4 specific elements being:
  1. Replacement of Meter Readings;
  2. Update of Meter Information (asset data);
  3. Retrospective update to the Supply Point;
  4. Address amendments.

- Elements 2, 3 and 4 were collectively and informally identified by the acronym RAASP (Retrospective Adjustment of Asset, Address and Supply Point). Please note, Modification 0610 amended the original scope of elements 2,3 and 4. Some of the key changes included:
  - Adding the principle that a retro update can only be for the Code Cut Off Date or before.
  - Remove the ability to retro update address and CV data (this removed point 4).
  - Remove AMR equipment and meter point status as a data item that can be retro adjusted (this removed point 3).
  - Confirm retro updates won't be accepted for meter removal or isolation if reads have subsequently been accepted.

- The first element was implemented on the Project Nexus Implementation Date (PNID) through Modifications 0434. *Note – amendments to the original scope were made as a result of Modification 0610.*

Modification 0651 – Changes to the Retrospective Data provisions

Extract of UNC 0651 'Purpose of Modification':

This UNC Modification is seeking to amend those changes to the UNC identified within UNC Modification 0434 Project Nexus – Retrospective Adjustment specifically relating to Retrospective Data Updates, to incorporate the requirements of Option 4 as identified within the Request 0624R Review of arrangements for Retrospective Adjustment of Meter Information, Meter Point/Supply Point and Address Data Workgroup.

Extract of UNC 0651 'Why':

Some consider that in their current form, the Retrospective Data Update elements of Modification 0434 give rise to a number of impacts and risks which have the potential to have an adverse impact on customers. These are as follows:

- Reduces the incentive on Shipper Users to ensure data quality is 'right first time' and subsequently maintained.
- Due to the expected development effort and delivery timelines, the changes necessary to implement the Retrospective Data Update solution within UK Link may adversely impact the implementation timelines of other expected major industry change; specifically, that associated with the Ofgem Faster Switching Program (OSP) and Central Switching Service (CSS).
- The full systematised Retrospective Data Update solution (Option 3 as identified by Request 0624R) provides for an 'over engineered', costly to implement and maintain measure for which the benefits are not proven and at best has a limited life span given the advent of Smart and Advance Metering technologies.

Some consider the Request 0624R Cost Benefit Analysis (CBA) was incomplete as a consequence of ambiguous data provided by some industry parties and consequently did not provide the required evidence or sufficient justification for the high cost of a fully systematised Retrospective Data Update solution. Therefore, this should be replaced with a more appropriate and cost-effective approach to the benefit of customers.

Relevant Objective:

d) Securing of effective competition:

- (i)   between relevant shippers;
- (ii) (ii) between relevant suppliers; and/or
- (iii) (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant Impacted shippers

Some participants consider the measures identified within this Modification Proposal can be expected to facilitate GT Licence relevant objective d). This is because a new and proportionate Retrospective Data Update solution, combined with a data cleaning exercise would replace the existing, albeit unimplemented, solution identified in excess of 4 years ago which can be considered no longer appropriate in the present commercial environment. The new solution represents a more efficient and economic way forward which, while providing a means whereby data can be retrospectively corrected would encourage Shipper Users to proactively monitor and maintain accuracy of data relevant to energy settlement to the benefit of customers.

Outcome and position of Modification 0651

- At UNC Panel on 16 August 2018, there **was not** a majority decision to implement Modification 0651. Therefore UNC Panel **did not agree** to recommend implementation.

- On 14 March 2019 Ofgem published their letter confirming their decision to approve implementation of Modification 0651.
  - At the point of approval, Ofgem believed that the implementation of Modification 0651 would better facilitate the achievement of the relevant objectives of the UNC.

- As a result of the Ofgem decision, the requirements related to RAASP as set out within Modification 0434 and 0610 were superseded by Modification 0651.

- Following this decision, the DSC Change Proposal (XRN4914) was raised and the Solution Review and Proof of Concept completed and assessed by the DSC Change Management Committee.

Modification 0651 solution

UNC Review 0624R considered a number of potential implementation options (5 official options discussed), to deliver RAASP. The WG were **unable to achieve a consensus** on a specific recommendation for a change but Modification 0651 was raised which looked to implement option 4.

Option 4 - Timestamp Asset data + Data Cleansing Activity

Timestamp Asset data (enduring):
- Asset data corrected via automated process (i.e. file submission)
- <u>Applicable to current Asset only</u>
- Data will be 'timestamped' - notifying the date retrospective update was applied to system
- Data will be presented with correct Effective Dates to relevant organisations e.g. file flows, GES etc.
- Start & End Reads to be provided by Shipper
- Shipper provides Metered Volume as part of file submission for whole period
- Xoserve process Consumption Adjustment
- Financial Adjustments based on volume provided

Data Cleansing Activity (one-off):
- Shippers to provide asset data as maintained within their systems in an agreed format
- Xoserve to compare the data contained in both sources (Shipper dataset and UK Link)
- Highlight any anomalies and cleanse, applying the same process as was undertaken for data validation during Project Nexus
- Shipper able to provide Metered Volume within agreed format for relevant retrospective update period
- Xoserve process Consumption Adjustment and apply calculate charges

What would Modification 0651 deliver?

- Modification 0651 solution would provide an enduring mechanism for **Shippers to identify and update asset data** for Supply Meter Points they are the Registered User for.

- In line with the rules stated within Modification 0651, dependencies will exist on Shippers to **identify occurrences of data misalignment** that warrant a Retrospective Data Update Notification and Shippers are responsible for **identifying the Reconciliation Metered Volumes and Reconciliation Metered Periods**, in order for the CDSP to enact an affected Offtake Reconciliation.

- To confirm, 0651 solution **will not deliver an 'automatic' Offtake Reconciliation** where data misalignment is identified by a Shipper.

- The solution to manage the Offtake Reconciliation is expected to align with the current principles in place for the resolution of Consumption Adjustments.

- The equal and opposite effect of applying a Retrospective Data Update Notification may be felt by other industry parties.

- Modification 0651 creates an alternative mechanism to update current asset data and request a financial adjustment. This is an alternative to the current available mechanisms which are utilising the .UPD (RGMA flow) and the Consumption Adjustment process. The difference with the 0651 solution is that the update will be timestamped with the right date.

High-level summary of 0651 solution:

The Modification 0651 solution is intended to be a reactive solution to resolve identified discrepancies. Below details what is could be utilised for and what it wouldn't deliver:

What 0651 enduring solution **could be** utilised for:

✓ To allow a Shipper to amend incorrect Asset data (for the current asset only).

✓ Once the retrospective update is processed, data will be 'timestamped' - notifying the date the retrospective update was applied to system which will be visible to relevant parties.

✓ A financial adjustment can be processed by the CDSP via a Consumption Adjustment where the Shipper provides the relevant information (Metered Volume and Periods).

What 0651 enduring solution will not deliver:

❖ Retrospective updates for any data other than current Asset data. *Updates to MAM (MEM) and address details cannot utilise the 0651 solution.*

❖ Retrospective updates for a previous asset at the Supply Meter Point. *Retrospective updates can only be made to the current asset at the site. If the asset has been changed, a retrospective update can only occur for the current asset, plus it cannot be used to replace a new Asset.*

❖ The identification of a discrepancy does not result in an automatic Offtake Reconciliation. *Shippers are responsible for providing Reconciliation Volumes and Periods.*

❖ The implementation of 0651 would not change the current obligations to maintain accurate data via the RGMA process. *Updates via the RGMA process should still occur where appropriate.*

❖ The 0651 solution does not resolve possible timing issues associated with a Change of Shipper event.

0624R / 0651 Analysis

As mentioned, under 0624R, the CDSP undertook a high-level impact assessment for the 5 options being considered. To confirm, these options were:

- Option 1 – Timestamp Asset Data
- Option 2 – Unravel Data to Agreed Date
- Option 3 – Original RAASP Design
- Option 4 – Data Cleansing Activity + Timestamp Asset Data
- Option 5 – Remain with BAU

Key things to note:

Based on the RFI responses, comparing option 4 (0651 solution) and option 5 (remain with BAU):

- The perceived customer implementation effort for **0651 solution (option 4) is approx. £2.8m** compared to BAU (option 5) which is £157k.

- The perceived customer ongoing effort for **0651 solution (option 4) is approx. £2.6m** compared to BAU (option 5) which is approx. £2.2m.

- As part of this initial impact assessment of 0651 (option 4), the **CDSP provided an expected implementation cost of 460k – 515k,** with an additional 350k – 400k for Market Trials.

- Please note, following more detailed analysis of the 0651 solution, the CDSP indicative implementation cost is expected to increase significantly.

Please see next slides for analysis under XRN4914.

The tables below were populated using responses from the 0624R RFI Consultation where parties were requested to provide annual costs that would be saved (as positive) or incurred (negative by the implementation of each option):

Implementation Costs (in £'s)					
Costing Area	Option 1	Option 2	Option 3	Option 4	Option 5
Operational Resource	207,000	207,000	129,000	535,000	152,000
Other Costs	5,000	5,000	23,000	10,000	
System Costs - Operational	1,000	1,000	1,000	1,000	5,000
System Costs - Development	1,753,000 - 2,003,000	2,093,000 - 2,343,000	2,277,000	2,325,000	
CDSP estimate - Design & Build costs (Excluding MT)	510,000 - 560,000	1,000,000 - 1,100,000	1,500,000 - 1,600,000	460,000 - 515,000	N/A
CDSP 12 week indicative MT costs	350,000 - 400,000	350,000 - 400,000	350,000 - 400,000	350,000 - 400,000	N/A
Total Implementation Costs - Excluding MT (£)	2,826,000 - 3,176,000	3,656,000 - 4,056,000	4,280,000 - 4,430,000	3,681,000 - 3,786,000	157,000

Enduring Costs (in £'s)					
Costing Area	Option 1	Option 2	Option 3	Option 4	Option 5
Operational Resource (FTE Cost)	2,328,000	2,273,000	1,389,000	2,393,000	2,266,000
Other Costs					
System Costs - Operational (£)	220,000 - 270,000	29,000	272,000 - 322,000	220,000 - 270,000	
System Costs - Development (£)	50,000	250,000 - 300,000	50,000	50,000	
Total Enduring Costs (£)	2,598,000 - 2,648,000	2,552,000 - 2,602,000	1,711,000 - 1,761,000	2,663,000 - 2,713,000	2,266,000

Change Proposal XRN4914

- [XRN4914](#) was raised in March 2019 to deliver the Modification 0651 requirements and the Solution Review was completed in 2021. This included a Proof of Concept (POC).

The table summarises the most recent assessment of the 0651 solution delivery compared to the high-level initial indication under 0624R.

	Solution Analysis	
	Feb. 18 - 0624R analysis	**Jun. 21** - XRN4914 solution review
Indicative CDSP implementation cost	460k - 515k (excluding MT)	1.797m - 2.396m
Indicative CDSP delivery timescale	Approx. 6 months	Approx. 18 - 24 months
Release type	Major Release	Standalone Major Release
Confirmed funding	Approx. 1.29m Funding by DNOs (89%) and NTS (11%)	

- Please note, this is based on the CDSP costs and delivery timescale.

- The industry haven't provided an updated view on the implementation and ongoing effort associated with the 0651 solution. The latest view of this is from the 0624R RFI.

- As shown from the table, there is a difference between the initial ROM cost for the solution compared to the Solution Review under the XRN. When the POC was undertaken, it was identified that the data cleanse alone would take greater than 6 months (which the indicative ROM implementation cost was based on). The POC also identified additional development and build activities that were not anticipated and therefore included at the ROM phase. The June 2021 cost is based on a post-CSS solution whereas the ROM under 0624R/0651 was based on the current UK Link at that time. Based on this, the expected time and effort to deliver the 0651 solution has been increased.

Change Proposal XRN4914 – Proof of Concept (POC)

- A Proof of Concept was undertaken as part of the XRN4914 Solution Review as mentioned within Modification 0825. The initial **step 1 'Comparison' phase** of data held within UKL and provided by customers, followed a further **step 2 – 'Deep Dive' analysis phase** which sought to establish the root causes contributing to the data misalignment and relative impact this might pose to a future UKL solution.

- POC Key Points:
  - Data cut from UKL as of 08 December 2019
  - 9 Shippers participated
  - 9.7m MPRNs received
  - 133m data items provided across 31 data fields

Approx. 1% of mismatches between metering details	**Further mismatches in Shipper and UKL data identified**	**High proportion of mismatches within current Shipper ownership**	**Billing Critical Analysis remained inconclusive**	**High proportion of mismatches were greater than 12 months old**
• Trend between mismatched metering details is approximately 1% across portfolios • Approximately 100,000 meter data items against sample of 9.7 million MPRNs	• MAM comparison identified further mismatches in Shipper and UK Link data • Approximately 50,000 mismatches identified against data held in UK link and Shipper sources. Misalignments identified conflict with data the POC matched against Shipper and UKL or contradict the mismatches Shippers provided in the POC	• 41% of mismatches identified relating to meter activity in the current Shippers ownership • 28% of mismatches identified where partial update of meter detail have been actioned by the current Shipper. Same Shipper but attempt to correct has been made	• 25% of mismatches identified against billing data items • It is unclear whether these are having a detrimental impact on energy calculation • 75% of mismatches identified related to non-billing critical data items	• Approximately 81% of mismatches where identified as relating to metering activity were performed greater than 12 months prior to the data extract date • Approximately 52% of mismatches where identified were actually greater than 3 years

Change in Landscape

Since the approval of Modification 0651, there have been a number of changes in the industry, shifting the landscape:

- **Retail Energy Code implementation**
  - REC V3.0 went live in line with Faster Switching Programme (CSS) in July 2022.
  - It places obligations on organisations required to accede to the REC. This includes Gas Suppliers and Metering Equipment Managers.
  - Under the REC, the Performance Assurance Board (PAB) oversees a risk-based Performance Assurance Framework (PAF).
  - The PAB will assess performance and identify risks and work to improve performance to reduce the risk.
  - To do this, the REC Code Manager is able to apply Performance Assurance Techniques to improve performance.
  - This includes monitoring performance of parties to maintain accurate data.
  - REC has obligations on parties to provide timely updates. The RPA receives information to enable active monitoring of these obligations and how well REC Parties are meeting these obligations

- **Smart meter roll-out**
  - Within the 0651 Ofgem decision letter, one of the reasons for the decision was the Smart meter implementation and the expected status of this programme in comparison to a 0434 or 0651 solution implementation.
  - The Smart meter roll-out has since matured further following the 0651 decision and the DCC are funded to ensure the smart metering system as a whole works smoothly and the enduring benefits of smart meters are realised.

- **Specific changes:**
- ➢ XRN5482 - Replacement of reads associated to a meter asset technical details change or update (RGMA)
  - Will provide a mechanism for Shippers to replace an RGMA related read, actual or estimate, where that read is for a read date within their period of ownership

Useful links

Modifications:

Mod 0434 – Project Nexus – Retrospective Adjustment

Mod 0573 - (Urgent) - Project Nexus – deferral of implementation of elements of Retrospective Adjustment arrangements

Mod 0610 - Project Nexus - Miscellaneous Requirements

Review 0624R - Review of arrangements for Retrospective Adjustment of Meter Information, Meter Point/Supply Point and Address data

Mod 0651 - Changes to the Retrospective Data Update provisions

Mod 0825 - Removal of the remaining Retrospective Asset, Address and Supply Point (RAASP) elements of the Retrospective Adjustment arrangements put in place under Modification 0434

Change Proposal documents:

XRN4914 - MOD 0651- Retrospective Data Update Provisions

XRN4914 - Retro Proof of Concept - Step 1 Data Comparison and Aggregation

XRN4914 - Retro Proof of Concept - Step 2 Deep Dive Analysis - Key Findings

XRN5482 - Replacement of reads associated to a meter asset technical details change or update (RGMA)