

## Distribution Workgroup - Impacts of Lockdown 14 April 2020 – Action XXXX

At the above meeting, Xoserve took the action to describe what aspects of the UNC would require amendment in order to facilitate the solution options which the workgroup considered had merit.

The following paper reflects a draft of the Solution section of any potential Modification(s).

These solution options in the short term (i.e. were to be considered as options during lockdown) were:

- Set the Supply Meter Point to Isolated in UK Link systems during lockdown, where the Shipper knows that little or no gas is being used, but without having to do any physical work to disable the supply
- Shippers submit AQ Corrections where required
- Allow Users to submit User Estimated Meter Reading (where no actuals available)

Due to the timescales of lockdown should these need a UNC modification, then these would need to be progressed with Urgent status.

Should parties wish to sponsor such modifications they are asked to contact Xoserve so that they can support as necessary.

A further solution option to be considered was:

- 'Roll over'<sup>1</sup> of the Formula Year AQ effective from 1<sup>st</sup> April 2020 (FY 2020/21) to also be effective for FY2021/22.

This will be progressed further subsequent to this paper, potentially with a view to raising a non Urgent UNC Modification in advance of the May Panel.

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<sup>1</sup> Assessment of the effect of revised Seasonal Normal values that take effect from [1<sup>st</sup> October 2020] will need to be undertaken.

- Set the Supply Meter Point to Isolated in UK Link systems during lockdown, where the Shipper knows that little or no gas is being used, but without having to do any physical work to disable the supply

Where a Supply Meter Point is set to Isolated in the current UNC it is warranted by the User that the Supply Meter Point is not capable of flowing gas. This has the effect of suspending the Commodity charges, and for Class 3 and 4 Supply Meter Points it will exclude such Supply Meter Points from the Gas Nomination and Allocation processes.

This option is considered favourable as the CDSP will effect the Isolation within one Supply Point System Business Day of processing valid notifications.

**We are aware that Northern Gas Networks are raising a Modification for this solution option. We understand that this will consider the following points.**

The UNC allows for a Supply Meter Point to be Isolated. Section G3.5 states that an Isolation Request may be made by the Registered User where:

“... a User provides a notification [that] ... such User shall have taken all reasonable steps to ensure that all work to cease the flow of gas has been carried out by suitably competent personnel using that degree of skill, diligence, prudence and foresight which would reasonably and ordinarily be expected from a skilled and experienced person complying with applicable law, recognised industry standards and GDN/PM/GT4, engaged in the same type of undertaking and the Transporter will be entitled to assume that the User has complied with such obligation.” (G3.5.5)

The effect of Isolation becoming effective is that the Supply Meter Point is no longer subject to Commodity charging, and Class 3 and 4 Supply Meter Points would be excluded from allocations and therefore such Supply Meter Points would be excluded from the aggregate of the NDM Supply Meter Point Demands in each Exit Zone (UNC C1.5.1a(i)). The period for which the Supply Meter Point is Isolated will also be excluded from AQ calculations therefore following the Supply Meter Point Re-establishment the allocations will be based upon the relevant Annual Quantity.

This Modification would **add** a circumstance where a User could send an isolation request notification for a Supply Meter Point which is at premises subject to the [COVID-19 Lockdown] where the consumption has ceased entirely but the work described in G3.5.5 has not been completed.

This Modification would also allow Users to submit an isolation request notification where they expect the consumption at site to be materially reduced to a [de minimis] quantity, for example, which is considered necessary to protect assets at the premises].

This Modification is proposed as access to such Supply Meter Points which are not consuming gas will be limited during the Lockdown period, and also it would not be economical, cost effective or in line with distancing guidelines to undertake the physical work described in G3.5.5.

Extension to Supply Meter Points which are consuming a de minimis amount offers a pragmatic solution to Users to seek to reduce significant allocation anomalies. As this functionality will have the effect of entirely excluding such Supply Meter Points from NDM Demand it is not proposed to be extended to consumers who have not materially reduced to consumption to such an amount.

This Modification proposes that Users will be required to notify that the CDSP that the Supply Meter Point should be Re-established once the Supply Meter Point no longer meets the criteria defined in the Modification.

This Modification will also need to vary Re-establishment criteria as such Supply Meter Points will remain capable of gas being offtaken during the period which the Supply Meter Point was Isolated therefore certain aspects of G3.7 would need to be suspended for Supply Meter Points that are subject to the criteria specified in this Modification.

It is acknowledged that any [de minimis] gas usage during the period of the Isolation would contribute to daily Unidentified Gas (UIG). When the first actual meter reading is submitted and passes read validation, a meter point reconciliation will occur, which will correct the energy position and the UIG position (albeit across incorrect billing periods). Hence the [de minimis] quantity should be set as a low percentage of normal usage.

This Modification proposes to add a circumstance where a User may submit an isolation request notification where as a direct consequence of a [COVID-19 Lockdown] the User [is satisfied] that the Supply Meter Point has ceased to consume gas, or is consuming a de minimis amount [that is no more than [x.x%] of 'normal' consumption]. In order to make such a request the User need not be satisfied that the physical works described in G3.5.5 have been undertaken.

For the avoidance of doubt, Users would be required to send in an isolation request notification as specified in UNC G 3.5.2(a).

A Registered User should not submit a Supply Point Withdrawal without having ensured that the necessary work to cease the flow of gas has been completed and notified to the CDSP as described in G3.5.5 and G3.5.2 respectively.

This Modification will also need to consider Re-establishment criteria as such Supply Meter Points will remain capable of gas being offtaken during the period which the Supply Meter Point was Isolated therefore G3.7 would need to be assessed specifically for the Supply Meter Points that are subject to the criteria specified in this Modification [for the period of COVID-19 Lockdown].

This Modification proposes that Users will be required to notify that the CDSP that the Supply Meter Point should be Re-established once the Supply Meter Point no longer meets the criteria defined in the Modification i.e. at the earlier of the conclusion of the [COVID-19 Lockdown] period or once the Supply Meter Points starts to consume gas above the de minimis threshold.

For the avoidance of doubt, the Re-establishment shall be notified by means of a notice indicating that the Isolation request should no longer apply in the same form as 3.5.2(a) but shall provide the date from which the Supply Meter Point is no longer Isolated and the same Meter Reading as provided in the isolation request notification regardless whether the Supply Meter Point entirely ceased consumption or was subject to a de minimis consumption. [Users are required to submit this within notification within X Supply Point System Business Days.]

*System / Process Solution Notes:*

- *Isolation and Re-establishment is conducted using RGMA Transactions. It is expected that Users will submit Isolation requests and any Re-establishment notifications MUST contain the*

*same Readings. [It is proposed that where the Re-establishment notification Reading is not the same as the Reading contained in the Isolation request such transactions shall be rejected. This is not in line with current UK Link systems and a new RGMA Rejection Code would be required.]*

- *Assessment what, if any, additional notification would be required from Users to assist in differentiating Supply Meter Points that meet the criteria of this Modification from other Isolations in order to enable Users and the CDSP to monitor and effect Re-establishment.*

- Shippers submit AQ Corrections where required

Currently within the UNC Users are able to submit AQ Corrections where they consider that the Annual Quantity does not reflect the expected seasonally adjusted consumption of gas over the subsequent 12 months.

The UNC sets out the eligible reasons for AQ Correction. COVID-19 Lockdown does not meet any of these eligible causes.

This approach is potentially less favourable as the AQ Correction timetable means that such transactions may not be effective in time to materially assist Shippers and consumers during the current Lockdown period(s).

## 1 Summary

*Please provide a summary of the modification proposed – i.e. **what** is the identified defect/change in the existing code that needs to be rectified, **why** this change needs to be made, and **how**.*

### What

*Provide a summary of **what** needs to be changed so that readers have an overview of what the identified defect is that needs to be rectified.*

Currently within the UNC Users are able to submit AQ Corrections where they consider that the Annual Quantity does not reflect the expected seasonally adjusted consumption of gas over the subsequent 12 months.

The UNC sets out the eligible reasons for AQ Correction. These being:

- the confirmed theft of gas (G1.6.21(a))
- the installation, replacement or removal of Consumer's Plant which results in a material change in the basis on which gas is consumed (G1.6.21(b))
- the commencement of a new business activity or discontinuance of an existing business activity at the consumer's premises (G1.6.21(c))

A User may also submit an AQ Correction where the User submits a Meter Reading which is rejected because it falls outside the wider tolerance band, but for which the User is satisfied that the Meter Reading is valid (and would not fail validation if the Annual Quantity were so changed).

The COVID-19 Pandemic has led to businesses varying their activity or patterns of activity, for example:

- discontinuing activity (i.e. not being classed as essential, therefore being subject to Lockdown);
- establishing others (e.g. repurposing factories to make essential equipment (e.g. ventilators)); or,
- increasing existing activity having been classed as essential or meeting shortages (e.g. toilet roll factories).

Whilst the examples above predominantly meet the existing G1.6.21(c) criteria, save for the final bullet point, the UNC stipulates that this reason may only be utilised in the first three months of a User's Registration.

This Modification proposes to extend the eligible causes in order that the Users are able to correctly reflect the impact of the COVID-19 Lockdown Period(s) AND to allow the User to reverse this following the lifting of Lockdown. This will allow Users to provide a reasonable annualised estimate of the current consumption, and then revert to the projected consumption following the conclusion of Lockdown.

## 5 Solution

*The solution must clearly set out the contractual (UNC) changes required, not the detail of the process/system change required.*

*Any additional explanation that Proposers believe is helpful, but that is not intended to be written into Code, must be clearly marked as such (“for information only” or “for the avoidance of doubt” or similar works well in such situations) to aid with the development of legal text.*

### Insert subheading here (if required)

This modification proposes to temporarily suspend G1.6.24 which prevents a User from submitting an AQ Correction following the commencement of a new business activity or discontinuance of an existing business activity at the consumer's premises (i.e. G1.6.21(c)) after 3 months of that User's Supply Point Registration Date. This suspension is proposed to last for the duration of the COVID-19 Lockdown period(s) and for a period afterwards to allow Users to revert to the projected consumption after the conclusion of Lockdown.

#### System / Process Solution Notes:

- *The eligible causes typically correlate directly with the REQUEST\_REASON in the RT\_C41\_AQ\_CORRECTION record. Due to simplification of the solution within UK Link systems – to avoid additional validation - and because Users are known to be able to submit such AQ Corrections it is proposed that Users should use REASON CODE 2*

REQUEST_REASON	M	N	2	0	1 - Confirmed Theft of Gas, 2- Change in Consumers Plant, 3 - Commencement of a new business activity, 4 - Tolerance change, 5 - Winter Consumption
REQUESTED	ESTIMATED	AQ			

- *Assessment what, if any, additional notification would be required from Users to assist in differentiating Supply Meter Points that meet the criteria of this Modification from other AQ Corrections in order to enable Users and the CDSP to monitor and effect necessary revision following Lockdown.*

- Allow Users to submit a Monthly User Estimated Meter Reading (where no actuals available)

Currently Users are unable to submit estimated Meter Readings other than for estimated Proposing User Estimate Opening Meter Readings (M 1.5.2 (c) (iv) refers).

It is recognised that with the COVID-19 pandemic that consumption [at Class 3 and 4] Supply Meter Points may not be in line with the Annual Quantity recorded, therefore the actual consumption will have diverged from the projected consumption, and therefore reconciliation will become more material. This is particularly true where the premises are subject to Lockdown and have ceased gas consumption. Due to COVID-19 Lockdown it is also unlikely that access will be granted to certain Supply Meter Points in order to gain Meter Readings, therefore reconciliations may not be released in a timely manner where Automated Meter Reading equipment is not installed (or has failed) or the consumer is able to provide Meter Readings.

## 1 Summary

*Please provide a summary of the modification proposed – i.e. **what** is the identified defect/change in the existing code that needs to be rectified, **why** this change needs to be made, and **how**.*

### What

*Provide a summary of **what** needs to be changed so that readers have an overview of what the identified defect is that needs to be rectified.*

Currently Users are unable to submit estimated Meter Readings other than estimated Proposing User Estimate Opening Meter Readings (M 1.5.2 (c) (iv) refers).

It is recognised that with the COVID-19 pandemic that consumption [at Class 3 or 4] Supply Meter Points may not be in line with the Annual Quantity recorded, therefore the actual consumption will have diverged from the projected consumption, and therefore reconciliation will become more material. This is particularly true where the premises are subject to Lockdown and have ceased gas consumption. Due to COVID-19 Lockdown it is unlikely that access will be granted to Supply Meter Points in order to gain Meter Readings, therefore reconciliations may not be released in a timely manner where Automated Meter Reading equipment is not installed or the consumer is unable to provide Meter Readings themselves.

[This Modification proposes that Users are able to submit estimated Meter Readings for Supply Meter Points where actual consumption is expected to have deviated materially from the recorded Annual Quantity due to the COVID-19 pandemic. For the avoidance of doubt Users may submit incrementing Meter Readings from previous Meter Readings recorded in UK Link systems.

It is acknowledged that any inaccuracies in Users' estimated meter reads would contribute to Unidentified Gas (UIG) in meter point reconciliation. When the first true actual meter reading is submitted and passes read validation, a meter point reconciliation will occur, which will correct the energy position and the UIG position (albeit across incorrect billing periods). Hence the [de minimis] quantity should be set as a low percentage of normal usage.

## 5 Solution

*The solution must clearly set out the contractual (UNC) changes required, not the detail of the process/system change required.*

*Any additional explanation that Proposers believe is helpful, but that is not intended to be written into Code, must be clearly marked as such (“for information only” or “for the avoidance of doubt” or similar works well in such situations) to aid with the development of legal text.*

### **Insert subheading here (if required)**

This Modification proposes that Users are able to submit estimated Meter Readings for [Class 3 or 4] Supply Meter Points on a temporary basis for a Read Date within the COVID-19 Lockdown Period.

#### *System / Process Solution Notes:*

- *It is not proposed to amend UK Link systems that a Shipper Generated Estimate may be accepted for Non-Opening; and Replacement Meter Readings. Users are anticipated to issue Meter Readings as Actual Meter Readings.*
- *Note, there would be no way of identifying that such Meter Readings were not Actual Meter Readings.*