

**UNC Workgroup 0691S Minutes
CDSP to convert Class 2, 3 or 4 meter points to Class 1 when
G1.6.15 criteria are met**

Tuesday 29 September 2020

Via Teleconference

Attendees

Lorraine O'Shaughnessy (Chair)	(LOS)	Joint Office
Helen Cuin (Secretary)	(KV)	Joint Office
Andy Clasper	(AC)	Cadent
David Mitchell	(DM)	SGN
Ellie Rogers	(ER)	Xoserve
Fiona Cottam	(FC)	Xoserve
Jaimee Le Resche	(JLR)	Xoserve
Kirsty Dudley	(KD)	E.ON
Lorna Lewin	(LL)	Orsted
Rhys Kealley	(RK)	British Gas
Richard Pomroy	(RP)	Wales & West Utilities
Steven Britton	(SBr)	Cornwall Insight

**via teleconference*

Copies of all papers are available at: <https://www.gasgovernance.co.uk/0691/290920>

The Workgroup Report is due to be presented at the UNC Modification Panel by 15 October 2020.

1. Introduction and Status Review

Lorraine O'Shaughnessy (LOS) welcomed everyone to the meeting and explained that the main focus for the meeting will be to specifically address the issues raised by the Modification Panel at the 20 August meeting.

LOS confirmed that the UNC Modification Panel has asked the Workgroup to consider and provide a response to the following issues:

- Are there any risks posed by any duplicate Obligations in Code?
- Review the proposed process to understand the impact on the 15 outstanding sites to identify if this process would change their status
- Will this process have an impact on UIG and are there any Data Quality risks?
- Are there any risks posed by not having a direct relationship between CDSP and DMSP?
- Does this Modification have a dependency on the implementation of Modification 0710 - CDSP provision of Class 1 read service?

Rhys Kealley (RK) confirmed he wished to address the questions as best as possible, to put the best case forward and understand where the residual disagreements are.

2. Discussion of Issues raised by the UNC Modification Panel

Ellie Rogers (ER) provided a presentation and gave an overview of the identified sites with AQs over the Class 1 threshold that are not in Class 1, confirming the obligations in UNC G2.3.15 which sets the Class 1 criteria.

ER confirmed as of August 2020, there were 28 sites which have met the Class 1 criteria but are not within Class 1.

Kirsty Dudley (KD) enquired if there were any IGT sites within the 28 sites, as she understood that IGTs were not aware of any IGT sites which have met the criteria but not in Class 1.

Fiona Cottam (FC) confirmed that with the business rules for the Modification it does not preclude IGT sites. RK understood from the 28 sites identified, that IGTs can and have been previously identified, but there are none at this point in time. FC confirmed IGT sites have previously been seen to progress through to Class 1 as a result reports and CAM engagement.

ER provided a table giving the latest status for each of the 28 sites which should be within Class 1. David Mitchell (DM) wished to note/clarify that under Modification 0691 only 2 of these sites identified would be picked up by the process.

ER confirmed that the Registered Users for all 28 sites have been contacted by an Xoserve Customer Advocate Manager (CAM) to advise them where their site is over the Class 1 threshold and request the relevant sites to be moved to Class 1. ER confirmed that under the currently proposed Modification 0691 rules, only 2 of the 28 sites would be picked up through the process, and this would equate to approximately 0.19 TWh AQ.

Richard Pomroy (RP) enquired about the links to Modification 0710 and when the CDSP take on the service asked what the process would be going forward. ER explained that when sites go over the threshold, CAMs will liaise with Shippers to become more involved and push more through the process to get the site re-classified.

ER went onto explain that sites which have equipment installed which need a simple configuration change to DM read frequency were included, and that Xoserve/CDSP would pick up an additional 15 sites under the proposed Modification 0691 which equates to approximately 1.53 TWh AQ.

ER clarified, that as drafted, Modification 0691 would not pick up the 10 sites which had no equipment installed, which equates to 0.62 TWh AQ.

ER noted that under Modification 0710 – CDSP Provision of Class 1 Read Service, the CDSP are proposing to put in place a formal process to liaise between the Shippers and DMSPs to progress the installation or set-up of DM Read equipment for these sites. This is intended to support the process to move sites into Class 1 where the threshold has been met.

KD understood that Modification 0691 was not going to fix everything and wanted to understand if this was the basis of the Modification being sent back.

RP believed there was a concern that Modification 0691 would take an obligation currently on Shippers and pass it onto the CDSP who would then be dependent on Shippers to enable them to fulfil the obligation.

DM concurred and expressed another concern was that although there are only 2 sites now, this could end up increasing, if Shippers rely on the service. DM therefore wanted to understand the root cause of why the 2 sites exist now. ER assured parties that any Shipper that has a site which should be Class 1 have been contracted, and there are various reasons for this.

KD enquired how many Shippers were involved with the count of 28 sites. ER believed this was under 10 Shippers, out of 70 portfolio Shippers. FC confirmed there were 9 Shippers.

DM enquired if the 10 Shippers were smaller Shippers that possibility don't know the process, and if further education was necessary, for example new market entrants.

FC advised that whilst she could not provide details of specific Shippers, she did not believe this to be a training issue for new markets as they were established Shippers.

Having considered the process a little further DM enquired is there a danger/risk that the wrong numbers could be entered into the system by the CDSP and enquired if this should be a chargeable service.

ER explained that there is an opportunity for Shippers to provide the right volumes to sit in Class 1, and the best solution is for Shippers to enter data, however in the event this cannot be entered, the CDSP can enter the data. The worst-case scenario would be that there are no volumes.

KD noted this Modification gives an opportunity to Shippers to get things right, if not CDSP will then assist. It was noted that Shippers will operate differently, some will be proactive, some will be incentivised to react to reported situations, and others may choose to utilise back-stop / fail-safe processes.

DM noted as this is added to UIG, if a Shipper has not got the infrastructure to allow them to allow the data entry, or knowledgeable resources to process, he believed these parties would benefit from a chargeable service and this process would allow sites to be registered into the system correctly.

However, DM also wished to note that if Modification 0691 is implemented, there is a danger is this becomes a back-stop, the CDSP will pick the process up, some Shippers will not act proactively. He suggested an alternative would be to offer this as Class 1 service line whereby Shippers could tap into the service proactively, and request CDSP to assist with the data entry, rather than just a back-stop option.

FC explained the Performance Assurance Reporting, will monitor the instances and explained that none of the Shippers involved are inactive in the Class 1 market, and there has been a big churn of sites. At the moment there is no formal support for those that fall into this category and the back-stop will provide the Xoserve's Customer Advocate Managers (CAMs) the ability to push these over the line and improve UIG.

RK wanted to raise at this point the precedents already well established within the UNC under Modification 0665, referring to Section B4.7.21, RK also referred to Sections G4.4.4, G4.6.11 and G8.2.4.

Referring to the agenda items LOS referred to the questions raised by Panel, in particular Agenda item 2.1 and duplicate obligations in the UNC, RK did not see this as a duplication he believed this was a stepped approach if the Shipper fails to make amendments.

ER was keen to capture the Workgroup's responses to the Panel questions. The Workgroup referred to each of the Panel questions for the Supplemental Report required:

2.1. Are there any risks posed by any duplicate Obligations in Code?

LOS advised that RK had provided sections of the UNC to demonstrate where in the code CDSP have similar obligations within the UNC for Modification 0665, referring again to Sections B4.7.21, G4.4.4, G4.6.11 and G8.2.4, the Workgroup did not believe from the examples/information presented there was a duplicate obligation in the UNC.

DM believed however there is a risk that Shippers will see this process as a way of not having to monitor internally and that the current 2 sites could increase. KD asked about the lack of incentive for Shippers and if this was the route of the problem.

KD believed this Modification brings a safety net into the process and questioned if the gap was there is a lack of incentive for proactive Shipper approaches.

ER outlined the process and how it would operate in practise. The Workgroup considered the steps undertaken with the performance reporting, CAM involvement, and how this Modification would provide an ability to provide a final safety net. ER clarified that the incentive will be that this is a chargeable service, this will be a new service line and charged for when the service is utilised. ER wished to note that some Shippers will still prefer to undertake their own amendments due to their internal processes and the safety net / backstop will be for the CDSP to reclassify the site as a last resort.

Some Workgroup members believed this approach could improve current Shipper behaviour. However, RP believed a charge is not really an incentive when it is a cost reflective charge. Having a charge means that Shippers should not be able to gain a benefit from the CDSP reclassifying Shipper sites. The Supplemental report was updated to reflect this.

2.2. Review the proposed process to understand the impact on the 15 outstanding sites to identify if this process would change their status

The Workgroup captured the table presented by Xoserve and agreed to include a column in the presentation to highlight the volume of the AQ against each of the sites impacted, to capture how Modification 0691 would change the site status of 2 sites out of the 28 sites now reported. LOS advised that this would be included in the Supplemental report to provide clarity.

2.3. Will this process have an impact on UIG and are there any Data Quality risks?

The Workgroup considered the data quality risks, that the process provides an opportunity for Shippers to reclassify sites and has the responsibility to provide the correct details. Only where the Shipper does not re-classify the site or provide correct details would the CDSP input values be based on parameters. If the Shipper is not engaging the default values would need to be used. The preference is for the Shipper to provide the values.

DM wished to note that the data quality issue will always exist with the use of default values.

RK wished to note the impact on UIG, noting that sites that move to Class 1 will be based on the site's reads, should be close to where it should be, and would in effect result in more accurate settlement. RK understood that if a site moves over with incorrect parameters, this would potentially risk capacity and ratchet charges.

RK wanted to understand what the full impact would be and if this is only network charges. DM believed that this could be a cash neutral charge, however he would need to check this with the pricing managers. DM agreed to provide clarity on cash neutrality for the final comments within the Supplemental Report. Workgroup agreed to this post update to the Final Modification Report for UNC panel.

FC acknowledged in terms of quality the actual allocation would improve UIG. The Workgroup considered whether there was value considering Transportation Charges. It was recognised that moving the site with a wrong SOQ, SHQ would impact the Transportation Capacity, but there is no commodity or allocation issue.

It was recognised that the use of default SOQ, SHQs and AQs would be the next best possible estimate, in the absence of data, and that Shippers would still have the ability to correct this.

ER clarified that the default values were discussed within the Workgroup and these are not random values, these have been considered and agreed by the Workgroup and were included in the Workgroup Report.

DM confirmed that the default values would eventually need to be corrected, at a later date, and is still a data quality issue. RK challenged what more could be done to ensure default values are not used. DM suggested the alternative would be to provide a better incentive for Shippers to re-classify the site, get it right first time and not use this proposed process.

2.4. Are there any risks posed by not having a direct relationship between CDSP and DMSP?

ER believed this is not risk isolated to Modification 0691, this is not exclusive to this Modification, this is a risk across the whole process in general.

The Workgroup considered the contractual relationships and provided further clarity within the Final Modification Report.

2.5. Does this Modification have a dependency on the implementation of Modification 0710 - CDSP provision of Class 1 read service?

ER clarified that if Modification 0710 was not implemented, Modification 0691 could still progress. The Workgroup considered the dependency on Modification 0710 and concluded that Modification 0691 was not dependent. KD suggested it would be worthwhile capturing this within the Final Modification Report and to detail what the consequence would be if Modification 0710 was not implemented. Workgroup agreed to the updates in the Supplemental Report.

It was recognised that Modification 0691 would not address every situation but was an improvement to the process available now and would allow some sites to be addressed.

The Workgroup considered whether a further review by the industry would be required if Modification 0710 was not implemented, RP the proposer and Workgroup agreed a further review would be required.

3. Supplemental Report

The Workgroup captured the considerations made in relation to the Panel questions within the Final Modification Report.

LOS noted a number of clarifications agreed to be provided by Workgroup participants for capturing within the report in relation to the status table, to include volumes, and clarification on cash neutrality before the report could be finalised and submitted to the October UNC Modification Panel.

The Workgroup concluded that the recommendation to Panel should be to progress with Modification 0691.

LOS agreed to circulate the report to participants to allow them to provide any final comments and publish the final report in time for Panel consideration.

4. Next Steps

LOS confirmed that the next step will be submit the report to the UNC Modification Panel with a recommendation from the Workgroup for Panel to proceed and decide whether the Modification should be implemented or not.

5. Any Other Business

None.

6. Diary Planning

No further meetings were planned.