

**UNC Request Workgroup 0783R Minutes
Review of AQ Correction Processes
Tuesday 08 February 2022
via Microsoft Teams**

Attendees

Alan Raper (Chair)	(AR)	Joint Office
Mike Berrisford (Secretary)	(MB)	Joint Office
Alice Davis	(AD)	E Gas & Electric
Andy Clasper	(AC)	Cadent
Antonia Scott	(AS)	Shell Energy
Barbara Allsopp	(BA)	E.ON
Clare Manning	(CM)	E.ON
Ellie Rogers	(ER)	Xoserve
Fiona Cottam	(FC)	Correla on behalf of Xoserve
Guv Dosanjh	(GD)	Cadent (<i>late participant</i>)
James Doyle	(JD)	Out Fox the Market
John Harris	(JH)	Correla on behalf of Xoserve
Kate Lancaster	(KL)	Xoserve
Katie Holder	(KH)	?????
Kundai Matiringe	(KM)	BU UK
Lee Greenwood	(LG)	British Gas
Lindsay Bartlett	(LB)	?????
Michelle King	(MK)	Energy Assets
Nicky Kingham	(NK)	Correla on behalf of Xoserve
Paul Senior	(PS)	Utilita Energy
Richard Pomroy	(RP)	Wales & West Utilities
Stephanie Clements	(SC)	ScottishPower
Steve Mulinganie	(SM)	Gazprom
Tom Stuart	(TSt)	Wales & West Utilities

Copies of all papers are available at: <https://www.gasgovernance.co.uk/0783/080222>

The Workgroup Report is due to be presented at the UNC Modification Panel by 21 July 2022.

1. Introduction and Status Review

Alan Raper (AR) welcomed all to the meeting.

1.1. Approval of Minutes (11 January 2022)

The minutes from the previous meeting were approved.

1.2. Approval of Late Papers

The Request Workgroup noted, and agreed to consider, the two late papers (*outstanding Action Update and AQ Correction Process Review MI Pack*) submitted on the day of the meeting.

1.3. Review of Outstanding Actions

Action 0101: *Reference the two AQ Correction Submissions by Year / Month graph peak events* – Xoserve (ER) to look to provide more background information on why and how these two events occurred.

Update: When Ellie Rogers (ER) provided an outline of the information contained on her '*Outstanding Actions Update from Xoserve*' document, there were no adverse comments raised by Workgroup participants.

It was agreed that the action could now be closed. **Closed**

Action 0102: *Reference the two AQ Correction Submissions by Year / Month graph peak events* – Xoserve (ER) to investigate whether the PAC were provided with a suitable level of information which might have enabled them to identify the 2020 CNG issue sooner and how communications into and out of PAC may be improved.

Update: When ER provided an outline of the information contained on her '*Outstanding Actions Update from Xoserve*' document, supported by a quick look at a copy of a recent '*PAC PARR Report – Dashboard Update*' (anonymised) presentation from the 18 January 2022 Committee meeting¹, during which ER explained how the (2-month) data reporting lag potentially impacts upon PAC's view and ability to react and make timely decisions. Thereafter, there were no adverse comments raised by Workgroup participant in attendance.

It was agreed that the action could now be closed. **Closed**

Action 0103: *Reference the two AQ Correction Submissions by Year / Month graph peak events* – Xoserve (ER) to examine the post July data (i.e. post 2nd peak) with regard to UNC Modification 0736S provisions (i.e. Reason Code movements and usage analysis) and report back findings to the Workgroup.

Update: When Ellie Rogers (ER) provided an outline of the information contained on her '*Outstanding Actions Update from Xoserve*' document, there was a brief discussion during which the following key points were raised (by exception), as follows:

- Parties' aggregate figures may represent a different picture of what individual Parties are actually doing;
- Perhaps consideration of any 'outliers' would prove beneficial, especially any involving the 3-month jump – ER agreed to consider and provide a view, and
- Recognition that the identification of the misuse of Reason Codes is difficult, especially when baring in mind that sites in the SoLR process can legitimately utilise RC3.

In concluding the brief discussion there were no adverse comments raised by Workgroup participants.

It was agreed that the action could now be closed. **Closed**

¹ A copy of the '*PAC PARR Report – Dashboard Update*' presentation (agenda item 2.1) can be viewed and/or downloaded from the Joint Office web site at: <https://www.gasgovernance.co.uk/pac/180122>

2. Consideration of Reason Codes

Please refer to discussions under item 4. below for more details.

3. Identification of Potentially New Reason Codes

Please refer to discussions under item 4. below for more details.

4. Consideration of Erroneous MI Statistical Outliers

In providing an overview of the 'Review of AQ Correction Processes – MI Pack' presentation, ER focused attention on the new / updated pages only, and the key discussion elements are recorded (by exception), as follows:

AQ Correction Analysis Summary 01/08/2018 – 01/02/2022 – new slide 17

When asked, ER confirmed that AQ's that had not changed, (i.e. frozen) are 'covered' on a later slide within the presentation pack. It was noted that the main concern is that parties could potentially benefit from freezing their AQ's which could result in a whole market impact on others.

AQ Correction Submissions – Reason Codes 2 & 3 – Jan'21 to Feb'22 – new slide 20

Examination of the graphical data revealed a concern for some Workgroup participants, particularly regarding the February, March and July figures, (6223, 4977 and 5208 respectively); the concern being whether the peaks are due to individual parties' actions or a reflection of a more general market shift.

February Review Group Meeting – slide 26

ER provided a quick overview of the topics for the meeting during which there were no adverse comments raised by parties in attendance.

Current Reason Code Validation – slide 27

ER advised that the information reflects the earlier slide 12 content.

During a discussion around the current validation for Reason Code 2 question, Steve Mulinganie (SM) suggested that perhaps provision of more RC's would be beneficial, especially in instances where parties are believed to be misusing the specific RC's because they are unable to find a suitable RC to accurately 'match' their needs from the list of those currently available. It was acknowledged that until additional RC's are added, it is unlikely that improvements will be observed. Additionally, it was recognised that there may be a future PAC monitoring role required – the catch could be that PAC would monitor RC2 and ask parties to justify their actions.

AR noted that the systematic amendment of AQs remains a concern as annual 'step changes' can lead to commercial advantages – again consideration of what is valid or not, may be a future role to be undertaken by PAC.

In considering whether some form of validation should be applied to reject AQ corrections that have a value of 1, the consensus was that this would be advantageous along with a new RC for vacant sites on the grounds that innovative solutions should be available to the whole market, especially any that work towards reducing potential abuse – in short, identification of the system issue is needed in order to enact a fix.

ER advised that she was not aware of any party that has stated that they are doing nothing, because they believe that to be their only realistic option (i.e. no change).

In noting that the proposed backstop change was discussed at the January 2022 Workgroup meeting, Fiona Cottam (FC) intervened to explain that in many instances parties make a genuine error by entering the same AQ as they provided before. John Harris (JH) also pointed out that submission of Rolling AQ could also be an attempt to set the Formula Year AQ, whilst AR suggested that utilisation of 'backstops' may be an attempt to remove erroneous consumptions from the AQ calculation.

New Action 0201: *Reference Validation Applied to Reject AQ Corrections with a Value of 1 - Correla (JH) to examine the generation field reasons and provide a view on how these are being utilised correctly or otherwise.*

Potential Future Reason Codes – slide 28

It was suggested, and generally agreed that a ‘*Change in use*’ could also apply to shift utilisation changes, rather than simply Plant (equipment) related changes and perhaps provision of some ‘oversight’ rules would / could be beneficial.

In considering the ‘Spurious historic reads impacting AQ calculation’ point, it was noted that this includes a mixture of validation and various other read requirements whilst Barbara Allsopp (BA) pointed out that from an E.ON perspective, some of their reads may have submitted by a previous Shipper. In such circumstances the incoming shipper may well have to undertake a number of corrective actions to manage the supply as amending or updating reads is not an option. JH observed that the problem is compounded by the fact that the 3-month window does not allow sufficient visibility of historic sites.

Following these discussions there was a general view that reducing AQs was a concern but that provision of additional RC’s identifying the nature of these reductions could go some way to alleviating these concerns. At this point Kundai Matiringe (KM) pointed out that IGT Modification 159 is also considering this area. Whilst recognising the points being debated, some participants believed that the potential resolution of the problem boils down to having the correct monitoring and oversight regime in place.

AR suggested that perhaps there might also be a role for CAMs in this area, although a better understanding around the scale of the problem (i.e. the numbers involved) would help to clarify the requirement and any potential corrective / supporting mechanisms, which could possibly involve DSC assistance – further consideration of monitoring should be considered as part of any modification.

It was suggested that new separate RCs would be needed for change of use and change of plant, especially as they are both related in part to potential energy movements.

When it was suggested that perhaps a new RC for ‘out of tolerance’ would be beneficial, JH pointed out that the current RC4 already caters for this, although having a new RC for ‘Market Breakers’ (for reads breaching outer tolerance) could be beneficial. It was noted that this could be removed at a later date, should it prove not to be relevant.

It was also noted that the Workgroup may also need to consider ‘hydrogen net zero’ aspects at some point.

Current AQ Backstop Date – slide 29

It was noted that this had been covered in the discussions above, although it is a concern as to whether parties are sequentially (re)-setting their AQ’s for a site in order to potentially avoid ‘triggering’ an AQ Review – it was felt that consideration of backstop aspects as a whole might be beneficial.

5. Consideration of Vacant Sites

Further to the discussions on item 4, above, it was agreed by those in attendance that this item should be developed further under the auspices of the UNC 0778R Request Workgroup and can therefore, be removed from future 0783R agendas.

6. Next Steps

AR then went on to confirm that the next meeting would focus on reviewing:

- Consideration of Potential PAC Oversight Role
- Consideration of Existing / New Reason Codes
- Consideration on when to switch from the Request Workgroup and raise a new UNC Modification

7. Any Other Business

None.

8. Diary Planning

Further details of planned meetings are available at: www.gasgovernance.co.uk/events-calendar/month

Workgroup meetings will take place as follows:

Time/Date	Paper Publication Deadline	Venue	Programme
10:00, Tuesday 08 March 2022	17:00, Friday 25 February 2022	Teams Meeting	Standard Request Workgroup Agenda

Action Table (as at 08 February 2022)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0101	11/01/22	2.	<i>Reference the two AQ Correction Submissions by Year / Month graph peak events – Xoserve (ER) to look to provide more background information on why and how these two events occurred.</i>	Xoserve (ER)	Update provided. Closed
0102	11/01/22	2.	<i>Reference the two AQ Correction Submissions by Year / Month graph peak events – Xoserve (ER) to investigate whether the PAC were provided with a suitable level of information which might have enabled them to identify the 2020 CNG issue sooner and how communications into and out of PAC may be improved.</i>	Xoserve (ER)	Update provided. Closed
0103	11/01/22	2.	<i>Reference the two AQ Correction Submissions by Year / Month graph peak events – Xoserve (ER) to examine the post July data (i.e. post 2nd peak) with regard to UNC Modification 0736S provisions (i.e. Reason Code movements and usage</i>	Xoserve (ER)	Update provided. Closed

Action Table (as at 08 February 2022)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
			analysis) and report back findings to the Workgroup.		
0201	08/02/22	4.	<i>Reference Validation Applied to Reject AQ Corrections with a Value of 1</i> - Correla (JH) to examine the generation field reasons and provide a view on how these are being utilised correctly or otherwise	Correla (JH)	Pending Update due 08/03/22