

**UNC Request Workgroup 0783R Minutes**  
**Review of AQ Correction Processes**  
**Tuesday 11 January 2022**  
**via Microsoft Teams**

**Attendees**

Alan Raper (Chair)	(AR)	Joint Office
Mike Berrisford (Secretary)	(MB)	Joint Office
Andy Clasper	(AC)	Cadent
Antonia Scott	(AS)	Shell Energy
Clare Manning	(CM)	E.ON
David Mitchell	(DM)	Scotia Gas Networks
Ellie Rogers	(ER)	Xoserve
Guv Dosanjh	(GD)	Cadent ( <i>late participant</i> )
John Harris	(JH)	Correla on behalf of Xoserve
Kate Lancaster	(KL)	Xoserve
Kundai Matiringe	(KM)	BU UK
Lee Greenwood	(LG)	British Gas
Nicky Kingham	(NK)	Correla on behalf of Xoserve
Paul Senior	(PS)	Utilita Energy
Steve Mulinganie	(SM)	Gazprom
Tom Stuart	(TSt)	Wales & West Utilities
Tracy Saunders	(TS)	Northern Gas Networks

Copies of all papers are available at: <https://www.gasgovernance.co.uk/0783/110122>

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 (03 November 2021)**

The minutes from the previous meeting were approved.

**1.2. Approval of Late Papers**

There were no late papers.

**1.3. Review of Outstanding Actions**

There were no outstanding actions to consider.

**2. Review of AQ MI Slide Pack**

**2.1. Overview of Request**

While making reference to the previous Request Workgroup meeting held on 03 November 2021, Andy Clasper (AC) once again provided a very brief overview of the

Request and the rationale behind raising it<sup>1</sup>, along with a quick review of the proposed meeting schedule document.

AC also made reference to the work undertaken under UNC Modification 0736S 'Clarificatory change to the AQ amendment process within TPD G2.3' as a point of guidance<sup>2</sup>, and which was implemented on 05:00 on 14 January 2021.

## 2.2. Review of AQ Correction Processes – MI Pack

Ellie Rogers (ER) provided an overview of the 'Review of AQ Correction Processes – MI Pack' presentation, during which the following key points were considered (by exception), as follows:

### Introduction – slide 3

It was suggested that care would be needed in considering the impact of the COVID pandemic and that a 'place holder' for the vacant site subject matter would be beneficial.

### AQ correction reasons (Eligible Causes) – slide 10

When asked (ER) confirmed that the 'Reason Code 3 – Commencement of New Business' should be expanded to also include cessation of a business.

### AQ correction reasons (Eligible Causes) – slide 12

- Reason Code 1 – Theft of Gas
  - It was noted that there are no specific elements in respect of the validation aspects outlined within Code and is simply a confirmation that a theft has taken place;
  - In referring to the work being undertaken within UNC Modification 0734S 'Reporting Valid Confirmed Theft of Gas into Central Systems and Reporting Suspected Theft to Suppliers', ER advised that this matter is also being picked up within the DSC processes;
- Reason Code 3 – Commencement of New Business
  - Relates in part to UNC Modifications 0736S 'Clarificatory change to AQ amendment process within TPD G2.3' and 0746 'Application of Clarificatory change to AQ amendment process within TPD G2.3 from 1<sup>st</sup> April 2020'<sup>3</sup>;
  - ER advised that she would ensure that this Reason Code would include both commencement and cessation aspects going forward;

A request was made to also include a 'Change of Use' for sites within the eligible causes list, as parties believe that this area naturally falls somewhere between Reason Codes 2 and 3. There was a brief debate relating to the matter during which it was noted that as we (the industry) move forward and ground source heat pumps become more prevalent (including energy source switching aspects), this might become more important. Responding, ER indicated that she would look to include cessation, change of use and vacant sites on an updated version of the presentation to be provided for further Workgroup consideration in due course.

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<sup>1</sup> A copy of the 03 November 2021 Request Workgroup meeting minutes are available to view and/or download from the Joint Office web site at: <https://www.gasgovernance.co.uk/0783/031121>

<sup>2</sup> Copies of all the UNC Modification 0736S related documentation can be found on the Joint Office web site at: <https://www.gasgovernance.co.uk/0736>

<sup>3</sup> Copies of all the UNC Modification 0746 related documentation can be found on the Joint Office web site at: <https://www.gasgovernance.co.uk/0746>

Analysis of AQ Correction Utilisation – slide 14

When Steve Mulinganie (SM) enquired as to whether or not erroneous data associated with any parties that are not complying with the process had been excluded (i.e. those parties who would have been excluded under the provisions of UNC Modification 0736S), ER responded by advising that the data had not been cleansed in this way.

Total AQ Correction Submissions by Year / Month – slide 15

In focusing on the two peaks on the graph (which are related to a single activity undertaken by a single Shipper), ER explained that as far as the December 2019 peak is concerned it is highly likely that the UNC Modification 0736S provisions would not have prevented this event, although it would have prevented the April – May 2020 peak.

**New 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.*

When ER pointed out that the Performance Assurance Committee (PAC) closely monitor any successful AQ corrections on a monthly basis (in an anonymised format), Guv Dosanjh (GD) highlighted that it had been Cadent and not PAC that first reported on the CNG issue in 2020, which raises concerns as to whether PAC is being provided with a suitable level of granular information to allow them to fulfil their role accordingly.

AR provided an onscreen display of the July 2020 PARR during which parties noted the two-month information lag between this graph and the information within the PARR's.

**New 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.*

One party observed that perhaps consideration of the UNC Modification 0746 materiality elements might be beneficial when looking to move forward.

AQ Correction Analysis Summary (01/08/2018 – 01/05/2021) – slide 16

When ER advised that data associated with the two (anomalous event) spikes on the graph on slide 15 had not been discounted in the analysis contained within the tables on this slide, SM pointed out that inclusion of the spurious information has a potentially significant impact on the data and requested that a caveat be added to highlight the fact that the data provided had been skewed by these two specific events – ER agreed to consider how best to rationalise and present this in an updated version of the presentation.

AQ Corrections by Reason Code – slide 17

When John Harris (JH) observed that UNC Modification 0736S provisions had resulted in slight changes to Reason Codes (RC) 2 and 3, ER pointed out that whilst this is true it does not necessarily mean Reason Code 2 (RC2) is being misused, although it should be acknowledged that there is always an element of risk involved – to date only a slight (volumetric) increase associated with RC2 has been witnessed.

When asked, JH confirmed that historically around Christmas time increases in RC2 usage are observed, in a similar vein to the submission profile of the old BTU form.

Moving on, parties agreed that the information provided highlights the need to reconsider validation aspects and potential event timing impacts (including tightening up validations and volume monitoring and oversight of usage changes). In noting that matter also relates to Shipper AQ promises around the self-certification aspects, AR suggested that UNC Modification 0674 might also introduce check mechanisms that would help manage this concern.

When AR pondered whether there would be value in examining the post July data (i.e. post the 2<sup>nd</sup> peak on the graph on slide 15) in respect of UNC Modification 0736S provisions (i.e. Reason Code movements and usage analysis), ER explained that it really boils down to re-assessing current RC and considering what might be needed in future. ER then agreed to undertake an action to investigate and report back.

It was noted that for 'normal' statistical analysis 'outliers' (i.e. the high and low parameters) are removed in order to avoid undue skewing of the data.

**New 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 2<sup>nd</sup> peak) with regard to UNC Modification 0736S provisions (i.e. Reason Code movements and usage analysis) and report back findings to the Workgroup.*

#### AQ Correction Review Scope – slide 20

Some parties wondered whether parties are utilising the AQ amendment process to set a backstop date in order to 'fix' their Business as Usual (BAU) problems. Others in attendance also suggested that additional validations maybe needed to prevent 'no change scenarios' becoming an issue going forward, although it was noted that for some Shipper's experiencing major issues, currently, submitting an AQ amendment might be a convenient solution.

It was suggested that perhaps the Workgroup should also look at utilising the correct codes for 'locking-in' an AQ, (i.e. develop a new use case) for historic AQ issues.

When asked, the Cadent representatives indicated that they were happy with the proposed scope and the general direction of travel the Workgroup is following.

#### Eligible Cause – Change in Consumer Plant (Reason Code 2) – slide 21

ER pointed out that should the Workgroup advocate tightening validations relating to Reason Code 2, it would boil down to who would undertake the validation process and whether it raises the question of whether the other RC are still needed – further consideration is needed.

SM suggested, and several parties agreed, that better oversight of the reasons provided by Shippers is needed especially in light of the fact that commercial considerations dictate the need is there. ER pointed out that a 'balance' is needed between genuine and erroneous reasons provision, and as a consequence, refinement of the RC can only be a benefit.

It was noted that periodic reviews are beneficial especially across the market as a whole.

#### Views on Eligible Causes (Reason Codes) – slide 22

ER suggested that further consideration would be beneficial going forward.

#### Further considerations – slide 23

In noting the link to the scope, ER suggested that further consideration would also be beneficial going forward whilst SM pointed out that once again oversight would be key and that there is potentially a new role for PAC in relation to the validation processes.

Summarising the discussions to date, AR suggested that it is no surprise that RC2 is heavily utilised and that RC3 has become almost 'self-policing', and therefore perhaps the Workgroup would be best served by initially focusing on refinement of RC2, especially ensuring that AQ setting aspects are being utilised in the correct manner, (including the change of plant aspect).

### 3. Next Steps

AR confirmed the next meeting would focus on reviewing:

- Ongoing consideration of the Reason Codes and associated validation requirements
- Identification of potentially new Reason Codes
- Reworking of background MI statistics in order to remove any erroneous outliers
- Consideration of potential vacant site (linking into UNC Request 0778R developments)
- Parties to provide feedback to Cadent and/or Xoserve

### 4. Any Other Business

None.

### 5. Diary Planning

Further details of planned meetings are available at: [www.gasgovernance.co.uk/events-calendar/month](http://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 February 2022	17:00, Friday 28 January 2022	Teams Meeting	Standard Request Workgroup Agenda

**Action Table (as at 11 January 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)	<b>Pending</b>
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)	<b>Pending</b>
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 2<sup>nd</sup> peak) with regard to UNC Modification 0736S provisions (i.e. Reason Code movements</i>	Xoserve (ER)	<b>Pending</b>

**Action Table (as at 11 January 2022)**

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
			and usage analysis) and report back findings to the Workgroup		

***Guidance on the use of this Template:***

*Please complete all sections unless specifically marked for the Code Administrator.*

*Green italic text is provided as guidance and should be removed before submission.*