

UNC Workgroup Report	At what stage is this document in the process?
<h1>UNC 0633:</h1> <h2>Mandate monthly read submission for Smart and AMR sites from 01 December 2017</h2>	<div style="display: flex; flex-direction: column; gap: 5px;"> <div style="border: 1px solid #ccc; border-radius: 5px; padding: 5px; display: flex; align-items: center; gap: 5px;"> 01 Modification </div> <div style="border: 1px solid #ccc; border-radius: 5px; padding: 5px; display: flex; align-items: center; gap: 5px;"> 02 Workgroup Report </div> <div style="border: 1px solid #ccc; border-radius: 5px; padding: 5px; display: flex; align-items: center; gap: 5px;"> 03 Draft Modification Report </div> <div style="border: 1px solid #ccc; border-radius: 5px; padding: 5px; display: flex; align-items: center; gap: 5px;"> 04 Final Modification Report </div> </div>
<p>Purpose of Modification:</p> <p>This modification brings forward to 01 December 2017 the effective implementation date of the CMA remedy mandating Smart and AMR meters to submit reads on a monthly basis from 01 April 2018. This will enable utilisation of more consumption data throughout industry processes and will ease Unidentified Gas (UIG) exposure for Shippers.</p>	
	<p>The Workgroup recommends that this modification should be:</p> <ul style="list-style-type: none"> considered a material change and not subject to self-governance proceed to Consultation <p>The Panel will consider this Workgroup Report on 09 November 2017. The Panel will consider the recommendations and determine the appropriate next steps.</p>
	<p>High Impact: Shippers and Transporters</p>
	<p>Medium Impact: None</p>
	<p>Low Impact: None</p>

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Modification timetable:	
Initial consideration by Workgroup	26 October 2017
Workgroup Report presented to Extraordinary Panel	09 November 2017
Draft Modification Report issued for consultation	09 November 2017
Consultation Close-out for representations	20 November 2017
Final Modification Report available for Panel	21 November 2017
Modification Panel decision	24 November 2017

 Any questions?

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1 Summary

What

The CMA has directed the industry to submit reads for Smart and Automated Meter Reading (AMR) sites every month from 01 April 2018 to improve settlement accuracy. This leaves a period of six months where the current processes will stay in place.

Why

The benefits of moving this date forward 6 months to 01 December 2017 will be seen in both potentially reduced Unidentified Gas (UIG) and reduced scaling factor volatility.

How

This modification is proposing to bring forward to 01 December 2017, the effective implementation date of the CMA remedy that all sites with Smart or AMR devices to submit 1 read per month from 01 April 2018.

2 Governance

Justification for Authority Direction

The Modification Panel determined that this modification should be subject to Authority Direction as currently it is estimated that UIG costs are around £20-40m a month to the industry, which is driven in part by inaccurate AQs caused by a lack of meter reads. This modification should have a significant impact in improving the accuracy in AQs, hence UIG volatility. This modification might therefore have a material impact on Shippers who will be required to submit reads every month and help reduce UIG.

Requested Next Steps

This modification should:

- be considered a material change and not subject to self-governance
- Issued to consultation

The Workgroup agreed with the Panels views on the potential materiality of implementing this modification. However, not all agreed with the reasons for the impacts as set out later in the report.

The Workgroup agreed the modification is sufficiently understood to be issued to consultation.

3 Why Change?

The CMA has directed the industry, as part of its investigation into the Energy Market, for every site with a smart or AMR meter installed to submit one Valid Meter Read each month to Xoserve from 01 April 2018.

Workgroup participants support this proposition, however, some believe that the industry will benefit from having this obligation brought in earlier, as more accurate settlement will reduce the current high levels of UIG and volatility being experienced in the market.

4 Code Specific Matters

Reference Documents

The Energy Market Investigation (Gas Settlement) Order 2016

Knowledge/Skills

None

5 Solution

Include a formal obligation in the UNC for every site that has either a Smart Meter or AMR device installed to submit one valid read a month from 01 December 2017.

6 Impacts & Other Considerations

Does this modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

There is no impact on any other industry change or the SCR.

Consumer Impacts

Consumer Impact Assessment

Criteria	Extent of Impact
Which Consumer groups are affected?	<ul style="list-style-type: none"> No direct consumer impacts identified.
What costs or benefits will pass through to them?	<ul style="list-style-type: none"> No direct costs or benefits identified. However, some participants consider the accurate apportionment of costs supports competition which would be an indirect benefit to consumers.
When will these costs/benefits impact upon consumers?	<ul style="list-style-type: none"> None identified.
Are there any other Consumer Impacts?	<ul style="list-style-type: none"> No other consumer impacts identified.

Cross Code Impacts

There may be an impact on the iGT UNC in terms of referencing and similar obligations.

EU Code Impacts

There is no impact on any EU energy code

Central Systems Impacts

Changes to UK Link systems are not anticipated as the capacity currently exists for the additional reads to be implemented. However, this is still to be confirmed by Xoserve.

It is expected that the Performance Assurance Committee (PAC) would monitor compliance.

Workgroup Impact Assessment

Some participants were concerned that this modification would impact parties' systems implementation programmes for the submission of monthly reads for Smart and AMR meters, currently mandated from 01 April 2018. However, others felt that a full system solution was not the only option to meet the requirements as this modification, as its impacts were for an interim period.

Some challenged whether this modification would materially impact UIG and therefore if it merited bringing forward the CAM remedies. However, others felt it would benefit settlement by ensuring meter reads were made available which should support accurate cost apportionment.

Some participants felt this modification might have an adverse impact on UIG by increasing volatility. However, other felt this risk was overstated and that the provision of more data should improve settlement accuracy.

Some participants noted that a consequence of implementation might mean these additional monthly read sites would potentially fall into the scope of the "Must Read" process and that this should be clarified within the solution/legal text, to ensure they remained outside the scope of "Must Reads" process if that is the intention.

7 Relevant Objectives

Impact of the modification on the Relevant Objectives:

Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	None
b) Coordinated, efficient and economic operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters.	None
c) Efficient discharge of the licensee's obligations.	None
d) Securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers.	Impacted
e) Provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards... are satisfied as respects the availability of gas to their domestic customers.	None

f) Promotion of efficiency in the implementation and administration of the Code.	None
g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	None

Some participants consider this modification should increase the number of meter reads that are used in settlement, which will improve settlement accuracy and hence cost apportionment. This should further competition and relevant objective (d). However, others felt this impact was overstated and this modification could potentially be a negative impact on competition by increasing industry costs.

8 Implementation

No formal implementation date is proposed; however, the modification is seeking implementation by 01 December 2017 and therefore requires compressed development timescales.

9 Legal Text

Due to the compressed timescales, Legal Text was not available for consideration by the Workgroup.

10 Recommendations

Workgroup's Recommendation to Panel

The Workgroup asks Panel to agree that:

- This modification should proceed to consultation.