

Statement from PAC to UNCC – Product Class 4 monthly read performance

Dan Fittock raised his concern with UNCC at short notice on 21 January 2021, which was subsequently discussed at the next PAC meeting on 16 February.

At the meeting in February 2021, PAC Members agreed to the following statement in response to this concern. In addition, a further document entitled 'PC4 performance improvement during COVID-19' accompanies this statement and gives further information. This matter will be tabled for discussion at the March 2021 UNCC agenda.

PAC thanks UNCC for the opportunity to respond to Dan Fittock's query regarding Product Class 4 performance improvement letters. The provision and loading of meter readings is generally accepted as being the first step in ensuring accurate Gas settlement. PAC acknowledges there are lessons to be learned in terms of the date the letters were sent out. In line with Ofgem's expectations, PAC has been undertaking read performance improvement activity in all product classes including the PC4 monthly read market. Meter read performance for the monthly read PC4 market has been and remains significantly below the requirements of the UNC. PAC has discussed the concerns raised and will continue its read performance improvement activity, whilst noting that Shippers experiencing difficulties meeting their obligations should highlight these to PAC, including any factors associated with the Covid pandemic. The vast majority of Shippers already contacted, have reported the use of alternative channels to secure meter readings, the use of digital strategies to aid in this endeavour and are taking the opportunity to engage in data cleansing and other back office improvements in the meantime.

Rebecca Hailes
Chair of the Performance Assurance Committee

Joint Office of Gas Transporters
Tel: 0121 288 2107
Email: enquiries@gasgovernance.co.uk

UNC related documents can be accessed via our website: www.gasgovernance.co.uk

Performance improvement activity in the Product Class 4 (PC4)

Monthly read market

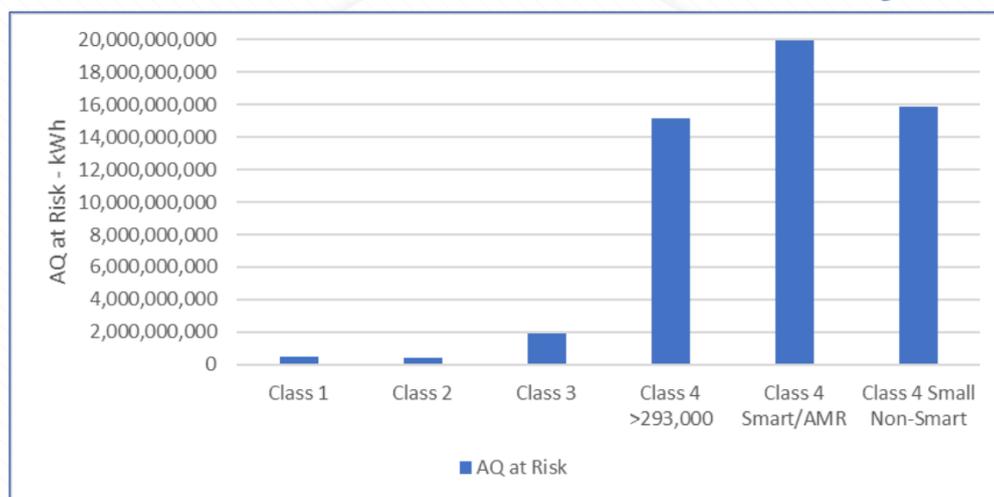
The Performance Assurance Committee, (PAC), are a UNC sub-committee with the responsibility for the management of the community's Performance Assurance Framework.

A key role of the PAC is to identify areas of industry performance that may pose a risk to the accuracy of Gas Settlement and identify ways to help mitigate that risk. On a monthly basis, the Performance Assurance Framework Administrator (PAFA), analyse the data in the Performance Assurance Reports Register (PARR¹) and provide the PAC with an update on industry performance against, among other things, performance obligations as defined in the Uniform Network Code (UNC).

The provision and loading of meter readings is generally accepted as being the first step in ensuring accurate Gas settlement. Indeed, meter read performance and the use of estimates are among the highest rated risks on the PAC Risk Register². The Xoserve Unidentified Gas (UIG) Task Force have also identified a lack of meter reads as a major risk factor for UIG.

Xoserve provide the PAC with regular updates on AQ at risk, below is an extract from the presentation given at the January PAC meeting³:

AQ at Risk Breakdown as at 10 January 2021



Over the last 18 months, the PAC have been focusing on improving read performance across the industry, with performance improvement activity being undertaken in all product classes to date.

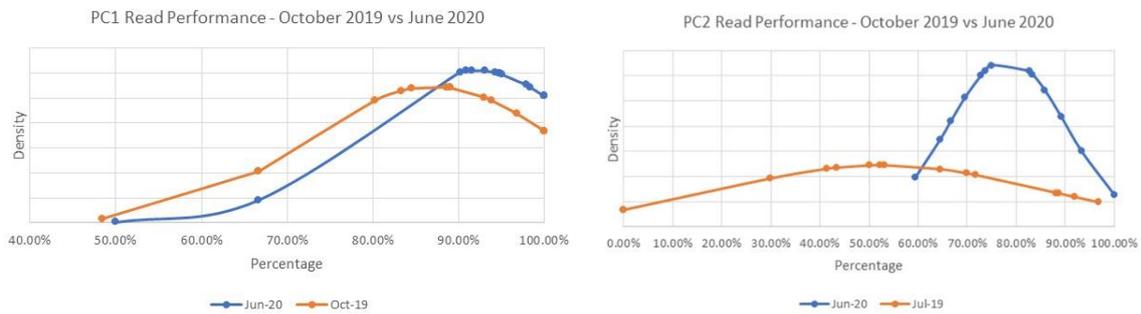
The PAC have achieved notable success in improving read performance in PC1 and PC2 by working closely with those Shippers exhibiting the poorest performance. The below graphs demonstrate this improved performance and are taken from the PAC annual report.⁴

¹ [Performance Assurance Committee | Joint Office of Gas Transporters \(gasgovernance.co.uk\)](https://www.gasgovernance.co.uk/performance-assurance-committee-joint-office-of-gas-transporters)

² [Performance Assurance Committee | Joint Office of Gas Transporters \(gasgovernance.co.uk\)](https://www.gasgovernance.co.uk/performance-assurance-committee-joint-office-of-gas-transporters)

³ [PowerPoint Presentation \(gasgovernance.co.uk\)](https://www.gasgovernance.co.uk/powerpoint-presentation)

⁴ [Performance Assurance Committee | Joint Office of Gas Transporters \(gasgovernance.co.uk\)](https://www.gasgovernance.co.uk/performance-assurance-committee-joint-office-of-gas-transporters)



Monthly meter read performance data, for Product Class 4 has been available to the PAC since November 2019 (as part of PARR 2A.5, PC4 data is provided two months behind).

As can be seen from the below graph, meter read performance for the monthly read PC4 market has been and remains significantly below the requirements of the UNC.

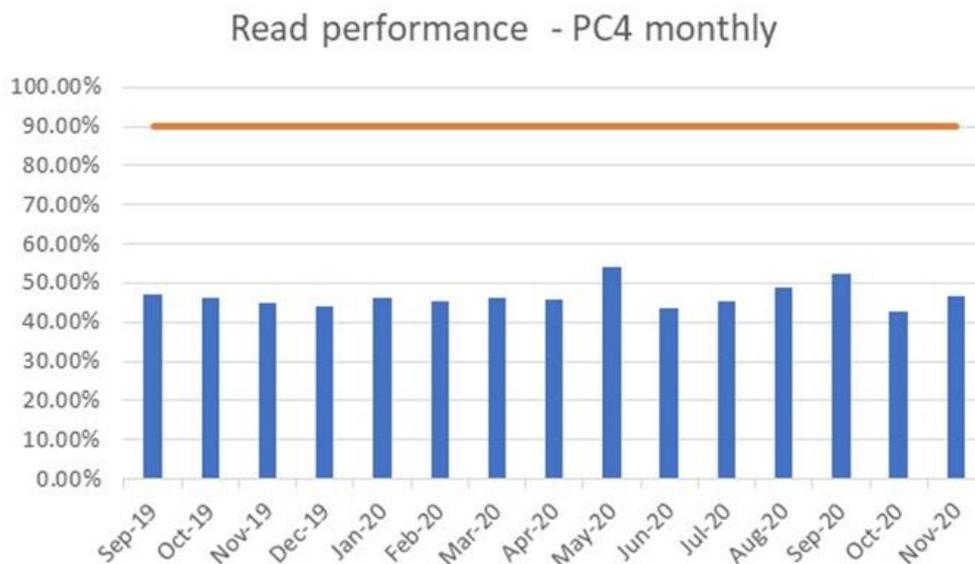


Figure 1: PC4m read performance against UNC requirement

At the PAC meeting held in February 2020, it was agreed that performance improvement activity should begin for the poorest performing Shippers in the PC4 monthly market.

Observation letters (that highlight current performance levels against the UNC requirements to Shippers and suggest that improvements could be made), were sent to Shippers that had an average PC4 monthly meter read performance of less than 60% over the period of Sept'19 – Dec'19. This resulted in 33 Shippers receiving performance improvement communications.

On March 23rd 2020, the UK was put into a National Lockdown as a result of the Coronavirus pandemic. At this time PAC communicated with the wider industry to echo the sentiments of Ofgem, stating that

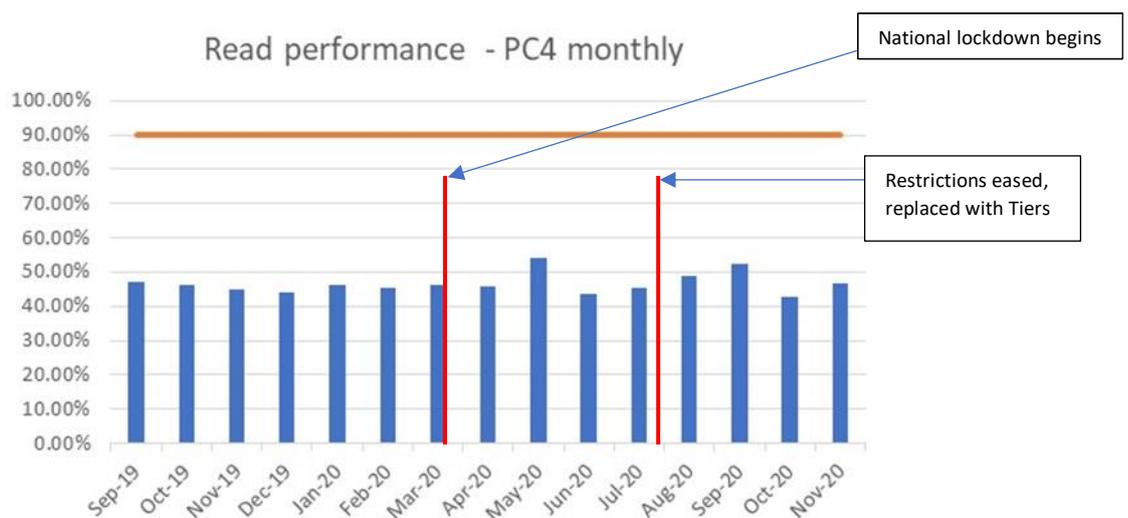
the focus of industry should be to ensure that customers and energy service workers are protected and safe but that UNC obligations remain in place. Acknowledging that there may be additional complications in meeting these requirements PAC advised;

‘enforcing Code performance targets in some areas of the PARR could divert resources otherwise supporting the consumer-facing part of the business. PAC have instructed PAFA to be pragmatic when monitoring Shipper Performance. However, Ofgem advise Shippers that at present, all UNC obligations remain in place. PAC recommend that should any Shipper have difficulty in operating within the requirements of the UNC, they should proactively communicate with the PAC’.

PAC also instructed PAFA to communicate with those Shippers already on performance improvement plans, to discuss how best to move forward at that time.

From the beginning the first national lockdown and to date, the PAFA provide PAC with updates on meter read performance across all product classes and provided analysis (where possible) on the impact of the urgent UNC changes implemented as a result of the pandemic.

Read performance reporting for the period of January 2020 to date, suggests that no product class (with the exception of PC4 annually read) has seen significant changes in read performance, either during the periods of national lockdown or when restrictions have eased (from July 2020).



Considering the read performance data above, and the guidance in Ofgem's publication of 16th June⁵, (advising of regulatory expectations as of 1 July), which stated;

‘We expect industry to work hard to fulfil its regulatory obligations to customers and to maintain a secure, efficient energy system. We do recognise some of the ongoing practical challenges, such as where face-to-face interaction with customers is required, and we will continue to take a pragmatic approach to compliance with obligations in these cases.’

⁵ [COVID-19 and energy regulation: a steady recovery | Ofgem](#)

'From 1 July, normal regulatory rules will apply and the only exceptions can be where companies cannot deliver a particular works or service to the required standards because of the need for them, their supply chain or their customers to comply with government COVID-19 guidance.'

'As is always the case, self-reporting of any non-compliance is strongly encouraged, especially when a supplier anticipates severe disruption to obligated activities. Where a supplier encounters barriers to face-to-face activities that they can't reasonably overcome or where customers delay appointments – they should contact us through the usual channels.'

PAC agreed (at the October 2020 PAC Meeting) that read performance improvement activity in the PC4 monthly read market should continue.

The decision was taken that ALL Shippers within the PC4 monthly read market should be asked to improve their meter read performance and provide a plan to the PAC detailing how they would work to achieve this. To enable the PAC and PAFA to provide the appropriate level of oversight and consideration to the plans, PAC asked PAFA to devise a methodology to enable performance improvement communications to be delivered to industry in a phased way, ensuring that each sector of the market was targeted equally.

Paying consideration to the read performance levels, aged reads, portfolio size and portfolio AOs, PAFA suggested that the PC4 monthly Shippers be split into 3 groups (containing a mix of market constituencies), with communications beginning in November 2020 and the final group of Shippers being contacted in April 2021.

At the PAC meeting of November 2020, this proposed approach was approved, although it was agreed that the first set of communications should be sent following the December PAC meeting, due to the second National lockdown restrictions being in place in November.

15 performance improvement communications were sent to the contract managers of the Shipper organisations in on the 24th December 2020 (before the 3rd National Lockdown was called).

The Performance improvement communications provide detail of the Shipper's performance both in terms of a percentage and a graphical representation of performance against UNC requirements during the period Jan'20 – Nov'20, along with the percentage of a Shipper's portfolio within the PC4 monthly read market that has not had meter reads in excess of 12months (up to 4years+). The letters also request that Shippers provide a plan to the PAC, that details how they plan to improve meter read performance and any key milestones that will be met.

The letter does not:

- Define a deadline by which performance improvements should be seen
- Define the types of work that should be undertaken
- Specify at which points milestones should be set
- Require Shippers to attend a meeting of the PAC

Of the **15** performance improvement communications sent, **13** of the communications were acknowledged, and **12** performance improvement plans have been received.

Of the Shippers who have responded, key themes could be identified as to the types of performance improvement activity that is planned to be undertaken. These include an increased internal focus on PC4 read activity, internal system data cleansing, a focus on processing read rejections and discussions with AMR providers.

There were also some similar themes reported in terms of issues around improving performance at the current time, across all Shipper types. These mostly focused on the inability to obtain physical reads at this time, including customers refusing entry, national government restrictions and business decisions to stop meter reading at all premises at this time.

However, most Shippers expect read performance to increase by the end of the year if restrictions are lifted in April 2021.