

Interim Report to June Panel for Urgent Modifications 0722, 0723 and 0724

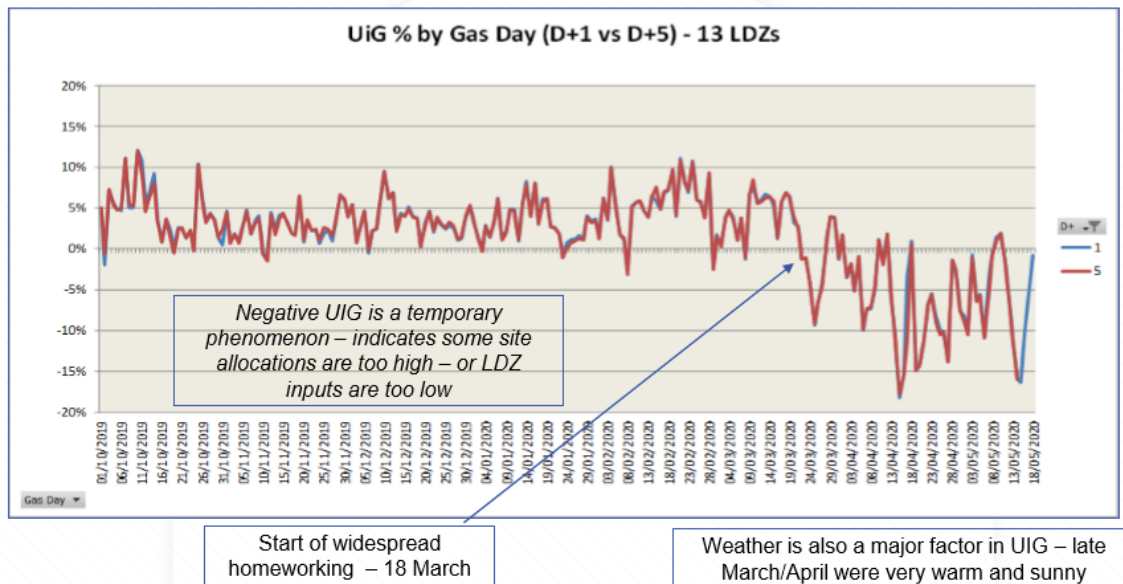
Context

Urgent Modifications 0722, 0723 & 0724 were implemented on 12 May 2020. As required by the Modification Rules, the proposals were reviewed by the UNC Modification Panel, with an instruction to the Joint Office to provide a report, addressing specific concerns relating to implementation, to the August Panel, with interim reports to be submitted to June & July Panels.

This interim report captures the information gathered to date relating to the activity associated with each of the Modifications and discussion at the Performance Assurance Committee and Distribution Workgroup regarding implementation issues and, given that their approval was to address time-limited external effects, the proposed exit strategy from the measures adopted.

Overview of UIG Volumes, (reported through Distribution Workgroup)

How is UIG Trending Now



Full Distribution Workgroup presentation available: [here](#)

Principal Effects of the Urgent Mods on UIG:

- Modification 0722: Triggers quicker reconciliation to correct the allocated position and UIG
- Modification 0723: Should provide better allocation make UIG less negative

This graph is updated weekly and is published on [xoserve.com](https://www.xoserve.com).

Urgent Modification 0722: Allow Users to submit Estimated Meter Reading during COVID-19

1. Brief Overview

Allow Users to submit Estimated Meter Readings as Actual Meter Readings for Non-Daily Meter sites during COVID-19 “lock-down”.

2. High-Level Activity Metrics

Numbers of Supply Points Utilising these measures

The CDSP reported to PAC on 09 June that the impact would be limited to Product Class 3 (PC3) and Product Class 4 (PC4). PAFA highlighted that if the measures allowed in the Modification were used, this would impact the read performance report, with read submission expected to increase within these markets whilst the Annual Quantity (AQ) is expected to drop as lockdown measures are in place. Post lockdown, this is then expected to reverse as the abilities granted within the modification would be removed and any Shipper still submitting derived actual reads would be in breach of code. An example of the reporting was presented to the PAC for PC3 & PC4 which illustrated the market prior to the modification being implemented – a story that will develop as more data becomes available in the coming months.

PAC members discussed the impact on PC3 considering the likelihood of these meters being fitted with remote communications. PAFA informed members that from their communication with Shippers, there appear to be some meters that are still manually read. Consequently, there could be an impact, but it is not clear how many Shippers are manually reading PC3 sites.

Read Identification

Given that in data terms there is nothing to differentiate “estimated-actuals” from “actual-actuals”, reporting on the volume of sites utilising 0722-measures may prove difficult. The only absolute method of determining volumes would be obtain usage data from shippers submitting the reads.

3. Views on:

a. Future Reporting Requirements

PAC will receive data on read submission performance each month (as normal). The next batch of reporting will be given to PAC around 14 July 2020.

b. Unintended Consequences

Effect on AQ

The concern was raised about the use of estimated reads being used to determine the current-year rolling AQ, and this value flowing through into the AQ setting processes for Gas Year 20/21. Using current consumption history in the AQ review process would calculate values that would not reflect the consumption pattern during a normal year, given the intervening period of atypical use. It was noted, however, that even without the ability to enter estimated-actual reads, Gas Year 20/21 AQs would be adversely affected by atypical consumption, once actual-actual meter reads became available, if lock-down had been factor in the consumption at a site.

Inter-shipper Disputes, (ISD)

There was a view that, given that an incoming shipper would probably be unaware of the presence of estimated actuals in the read history, this could lead to inappropriate transfer reads being submitted, with the consequential increased scope for an ISDs.

c. Exit Strategy

Notwithstanding the effect that a sequence of atypical reads could have on the following years AQ calculation, it was felt that in simple reads terms, for going forward after the period of lockdown, the reversion to business as usual should be relatively straightforward with the shipper simply submitting actual-actual reads once meters can be read to verify the true consumption while the estimated-actuals were being submitted.

d. Effects on Transportation Charges

It was noted that there could be a minor reduction in commodity revenue, although the view was this would have a relatively minor effect on transportation income.

4. Next Steps / Recommendations

To address the atypical consumption period, it was suggested that rules could be developed to allow, with suitable safeguards, the AQ calculated for Gas Year 19/20 to be rolled-over into Gas Year 20/21, thereby nullifying the effect of the consumption reduction occurring this year.

Such a process would require a further Modification to be raised and implemented in advance of the AQ review process due to commence in [month] 2020

Also discussed was a potential service from the CDSP to provide an incoming shipper with notice that supply point was subject to 0722-measures to reduce the incidence of inter-shipper disputes. It was noted that this would rely on shippers supplying lists of 0722-measures supply points and setting up a database, probably with an API look-up facility. There were mixed views on the merits, in terms of benefit versus effort to establish such an initiative, nevertheless Xoserve have agreed to scope out a service.

Urgent Modification 0723: Use of the Isolation Flag to identify sites with abnormal load reduction during COVID-19 period

1. Brief Overview

To enable Shipper Users to utilise the central systems Isolation flag, under specific circumstance, without warranted activities taking place, during a COVID-19 period. Allowing for sites where businesses have closed due to COVID-19 to be excluded from the Annual Quantity (AQ) calculation, and therefore from UIG allocation during the relevant period.

2. High-Level Activity Metrics

Numbers of Supply Points Utilising these measures

The CDSP reported to PAC on 09 June that the number of transactions requesting isolation were well below what the system can cope with. Numbers of isolations per day has varied between 0-100; the take up is very low, with more than 50% of these cases referring to pre-lockdown physical isolations. PAC understood that there can be delays with physical isolation notification reaching the CDSP.

The count of isolated Sites for April was 18,265 and for June was 15,247, thus 699 isolations have been processed since the implementation of Modification 0723.

There was some dismay that Modification 0723 had come a little too late to really make a difference with some commenting that if it had been available in March it would have been used more.

PAC discussed whether there was any way to know whether a particular isolation was due to Covid-19 but understood this was not possible as there was no free text field to do this. Therefore, an assumption will be made from a reporting perspective that any sites isolated after 23 March could be a Covid-19 isolation. PAC understood that this will be a reporting view only and that no isolations will be removed under this assumption.

Further snapshots will be provided each month to PAC.

3. Views on:

a. Future Reporting Requirements

PAC will receive data on the number of isolations each month. The assumption will be that any isolation since 23 March could be a Covid-19 isolation. None of these will be reverted by the CDSP; Shippers must do this. The next batch of reporting will be given to PAC around 14 July 2020.

b. Unintended Consequences

It was noted that in simple number terms, sites adopting an isolated status are easier to track than sites adopting 0722-measures, given that for each supply point using the facility, a file would have to be submitted to reset the isolation flag. However, it was noted these could not be absolutely differentiated from an isolation where physical work to prevent the flow of gas had been carried out. It was asked if the submission of a subsequent withdrawal notification would help identify the 0723-measures population from other isolations, but it was established this was not a categorical differentiator.

One consequence noted was that, where the isolation flag is removed, the metering reading associated with lifting isolation must be exactly the same as the reading submitted when the isolation flag was applied. Failure to do so would generate a rejection & exception report. It was noted that this could be a problem where the site, as permitted under the rules, consumed a de-minimis quantity of gas.

c. Exit Strategy

No specific measures were suggested, other than the obvious one of removing the isolation flag once a supply point starts to consume again.

d. Effects on Transportation Charges

No specific effects on transportation revenue were noted.

4. Next Steps / Recommendation

Consider developing a specific error code to address the “read into isolation must equal read out of isolation” scenario to allow easier identification of this issue a supply point level.

Urgent Modification 0724: Amendment to Ratchet charges during Covid-19 period

1. Brief Overview

To make Ratchet charge changes during COVID-19 period to avoid the application of incentive charges where consumption at specific sites is increased above the agreed booked capacity to support local/national needs during the COVID-19 pandemic.

2. High-Level Activity Metrics

Numbers of Supply Points Utilising these measures

The view of the Distribution Workgroup was that metrics for this proposal should be reported once the period during which ratchets apply has expired and that any applications have been processed, (probably towards the end of June).

At PAC on 09 June it was understood that Modification 0724 would have no impact on Settlement.

3. Views on:

a. Future Reporting Requirements

It was suggested that the following metrics should be gathered:

- Number of Applications Submitted
- Number of Applications Accepted

Note: It expected that the number of supply points using 0724 measures would be fairly low.

b. Unintended Consequences

No specific consequences were identified.

c. Exit Strategy.

No specific exit measures were identified.

d. Effects on Transportation Charges

Any transportation revenue foregone by virtue of this measure would be recovered in the subsequent formulae year.

4. Next Steps / Recommendation

Given that 0724-measures are conditional of the prevailing legislation, should that legislation endure, then so would the measure, although it was noted that

conditionality limiting an application to the cause of the ratchet should serve to limit applications.