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**Action PAN 11/04: Agenda item 266.5 – CDSP (ER) to provide some analysis of the number of Supply Meter Points that would be eligible for a rebate under Modification 0730 at a given snapshot in time. The analysis to show the volumes, total values and level of discount.**

The following italicised extract was taken from Action PAN 11/03:

*The purpose of UNC Modification 0723 was for “Shipper Users to utilise the central systems Isolation flag, under specific circumstance, without warranted activities taking place, during a COVID-19 period.” (m723 FMR v2.0 30<sup>th</sup> April 2020 p1).*

*Due to the timescales associated with the modification and its implementation date there was very limited opportunity for changes to be made to Central systems or other industry participant systems. A consequence of this was that Isolations being undertaken under Modification 0723 cannot be differentiated from those being undertaken following physical works to prevent the flow of gas in accordance with UNC TPD G-7.*

*No changes were made to the UK Link systems or UK Link Communications to support Modification 0723. The solution used the existing isolation functionality to temporarily suspend gas nomination and allocation where sites were prevented, or materially restricted, from operating due to the pandemic regulations.*

*The CDSP has provided reports to the Registered Users of Isolated Supply Meter Points to assist them to comply with obligations in Modification 0723 to re-establish the Supply Meter Point once they were no longer restricted from operation by COVID regulations. We used the following criteria:*

- *Transaction processing date of the Isolation request (these are received via Metering (RGMA) transactions) was on or after the implementation date of 0723 – 12<sup>th</sup> May 2020*
- *The Metering transaction effective date was no earlier than 23<sup>rd</sup> March 2020 – the date when lockdowns were determined to have started*

*The number of Supply Meter Points that met the above criteria at 18<sup>th</sup> October 2020 were 5665 isolated sites. Of these, 1279 were done via a Meter Information Update Notification (UPD) – which was one of the suggested indicators proposed in the 0730 workgroup as a potential criteria. The use of the Meter Information Update Notification as distinct from the Meter Information Notification (JOB) is that the latter transaction is associated with physical work at site and is likely to have originated from a Meter Asset Manager. Use of UPD was consistent with the guidance that we gave to Shippers to utilise 0723 – **but this can't be used as a definitive indicator of 0723.***

As at 4<sup>th</sup> December we had received responses from 19 of 48 Shippers.

We have maintained that it is not possible to provide any reliable view of materiality with respect to Modification 0730. This is because:

- We have received a limited response to date related to sites isolated immediately following the 0723 implementation,
  - The nature, frequency and duration of future lockdowns is unknown, and
  - It is not possible for the CDSP to predict the Shipper response should 0730 be implemented.
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In order to provide the materiality assessment we utilised the Supply Meter Points from the extract effective date 18<sup>th</sup> October 2020. We used the Supply Meter Points confirmed as being isolated under 0723 from this exercise, and those for which a response had not been received and therefore they could not be discounted from being relevant to a 0723 adjustment.

From the above exercise, 5 Supply Meter Points were confirmed as isolated under 0723, and circa 4,400 Supply Meter Points had received no response therefore could not be discounted from any materiality assessment.

Using the above set of Supply Meter Points the LDZ Capacity Charges were assessed for the month of November 2020. The candidate charges considered were:

871	UNIQUE - LDZ CAPACITY CHARGE
872	UNIQUE - CUST CAPACITY CHARGE
881	LDZ OPTIONAL TARIFF
901	EXIT CAPACITY LDZ ECN CHARGE
891	CSEPS - LDZ CAPACITY CHARGE
C04	EXIT CAPACITY LDZ ECN CHARGE
CCA	CUSTOMER CAPACITY CHARGE
CFI	CUSTOMER FIXED CHARGE
ZCA	SUPPLY POINT CAPACITY CHARGE
ECN	EXIT CAPACITY LDZ ECN CHARGE

Ratchet charges and Seasonal Failure Charges are excluded from the Capacity Rebate.

For the month of November 2020, and assuming such Supply Meter Points remained isolated and were subject to claim by the Shipper under Business Rule 5 in Mod 0730 then the **adjustment value** for the 5 Supply Meter Points would be £108; and for those that have not received a response from the Shipper the value was £28,300. These values represent the monthly adjustment value.

For the latter value, these Supply Meter Points would NOT qualify for an adjustment under 0730 as the Shipper had not warranted that they were 0723 as described in Business Rule 5 of the Modification.

Note: that of the 4,400 Supply Meter Points, c400 Supply Meter Points did not attract Capacity Charges which would indicate that these Supply Meter Points have now been withdrawn and therefore would have been physical isolations under UNC TPD G-7.

These values are provided as instructed by Panel. The methodology to derive these values is set out above. Any reliance placed upon these values should only be considered in light of all of the caveats stated within this paper and Panel Action 11/03.

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