

UNC Distribution Workgroup Minutes
Thursday 23 April 2020
via Teleconference

Attendees		
Alan Raper (Chair)	(AR)	Joint Office
Helen Bennett (Secretary)	(HB)	Joint Office
Kate Elleman	(KE)	Joint Office
Alex Travell	(AT)	BU-UK
Andy Clasper	(AC)	Cadent
Carl Whitehouse	(CW)	Shell Energy
David Addison	(DA)	Xoserve
David Mitchell	(DM)	SGN
Ellie Rogers	(ER)	Xoserve
Fiona Cottam	(FC)	Xoserve <i>COVID-19 only</i>
Gareth Evans	(GE)	Waters Wye Associates
Guv Dosanjh	(GD)	Cadent
India Koller	(IK)	SGN
Joanne Fergusson	(JF)	NGN
John Dixon	(JD)	Ofgem
Kirsty Dudley	(KD)	E.ON
Lee Stone	(LS)	E.ON <i>COVID-19 only</i>
Lorna Lewin	(LL)	Orsted
Louise Hellyar	(LH)	Total Gas & Power
Max Lambert	(ML)	Ofgem <i>COVID-19 only</i>
Michele Downes	(MD)	Xoserve <i>COVID-19 only</i>
Nigel Bradbury	(NB)	CIA
Oorlagh Chapman	(OC)	British Gas
Paul Youngman	(PY)	DRAX
Rhys Kealley	(RK)	British Gas <i>COVID-19 only</i>
Richard Pomroy	(RP)	Wales & West Utilities
Sally Hardman	(SH)	SGN
Shanna Barr	(SB)	NGN
Steve Britton	(SBr)	Cornwall Insights
Steve Mulinganie	(SM)	Gazprom Energy
Tracey Saunders	(TS)	Northern Gas Networks

Copies of all papers are available at: www.gasgovernance.co.uk/dist/230420

1. Introduction and Status Review

Alan Raper (AR) welcomed everyone to the meeting and invited introductions.

1.1. Approval of Minutes (26 March 2020 and 14 April 2020)

The minutes from the previous meetings were accepted.

1.2. Review Outstanding Actions

Action 1102: *NGIS Reports* - DNs to investigate internally and report back to Workgroup.

Update: Linked with 0101: take out of this workgroup now – actions parked to some extent – leave on agenda. TS advised progress has been hindered by the current COVID-19 conditions, however, this action needs to remain as an action as it is applicable to all parties and Distribution Workgroup is the best forum for it to sit in. **Carried Forward**

Action 1202: Xoserve (DA) to assess the material effort to correct the formula for Class 3 and 4 New Supply Meter Points – reference AQ setting.

Update: ER advised this is lesser of a priority at the moment due to the current resources being allocated to COVID-19 issues. **Carried Forward**

Action 0101: *NGIS Reports: (Action 1102):* SM will gather support and comments from ICOSS members and send email to all DNs directly.

Update: *Linked with 1102:* GE advised discussions are taking place around identification of critical data items. Progress has been hindered by the current COVID-19 conditions. **Carried Forward**

Action 0103: *Where requested the CDSP is required to pass a period of consumption data to an Incoming Shipper User when there is a Change of Tenancy (CoT):* DA to liaise with SM regarding the potential to raise a Change Request with Ofgem in relation to the specific data item.

Update: Progress has been hindered by the current COVID-19 conditions. **Carried Forward**

Action 0104: *CDSP is required to pass a period of consumption data to an Incoming Shipper User when there is a Change of Tenancy (CoT):* All Shippers to provide an informal view to Xoserve for them to consider options.

Update: Progress has been hindered by the current COVID-19 conditions. **Carried Forward**

Action 0201: *Rules governing the installation of converters:* AR to contact David Harper, Chair of the IGEM Technical Group to see if there is a specific recommendation as to when a corrector should be fitted.

Update: AR provided a paper which supports the conclusion of this action is appended to this set of minutes (see Appendix 1). The paper includes the response from David Harper Chair of the IGEM Technical Group. **Closed**

Action 0302: Shipper Agreed Reads (SAR) Discussion: All participants to review the slides provided at last month's meeting and close this as an AOB item. The slides can be found here: www.gasgovernance.co.uk/dist/270220

Update: Total Gas and Power confirmed the draft Modification will be circulated shortly. **Closed**

1.3. Modifications with Ofgem

AR drew attention to the current status of the Modifications awaiting Ofgem direction:

0687 - Creation of new charge to recover Last Resort Supply Payments:

www.gasgovernance.co.uk/0687/

- Authority decision to 'send back' Modification 0687 received 09 October 2019
- Final Modification Report resubmitted, as requested by the Authority, 17 October 2019
- Awaiting Authority decision

0692S - Automatic updates to Meter Read Frequency:

www.gasgovernance.co.uk/0692/

- Appeal received from EDF 07 January 2020
- See the published background to the Appeal of this Modification dated 10 January 2020
- A revised Notice of Implementation was published 16 January 2020.

0711 – Update of AUG Table to reflect new EUC bands

www.gasgovernance.co.uk/0711/

- Final Modification Report submitted 27 March 2020
- Awaiting Authority decision

1.4. Pre-Modification discussions

No pre-modification discussions to be had.

2. Workgroups

2.1. 0697S – Alignment of the UNC TPD Section V5 and the Data Permissions Matrix

(Report to Panel 21 May 2020)

www.gasgovernance.co.uk/0697

2.2. 0710 CDSP provision of Class 1 read service

(Report to Panel 16 April 2020)

www.gasgovernance.co.uk/0710

3. COVID-19 Issues

AR confirmed the Ofgem timetable that has been set for the 4 Urgent Modifications.

Process	Date
Ofgem Decision on Urgency	22 April 2020
Consultation Commences	22 April 2020
Consultation Close-out for representations	27 April 2020
Final Modification Report available for Panel	28 April 2020
Modification Panel recommendation	30 April 2020
Ofgem Decision expected by	1 May 2020

AR clarified that, although not in the Ofgem timeline, the deadline is **1pm** Monday 27 April for representations to be submitted.

GE was invited to describe Urgent Modifications 0721 & 0722 and explained these proposals, in-line with the suite of Urgent Modifications, are specific to COVID-19 and are in line with Government legislation, and consequently, the legal drafting refers to the Coronavirus Act 2020 and associated Regulations. GE confirmed that once the COVID-19 “lockdown” period is over, these processes will be removed.

TS clarified that Northern Gas Networks have written the legal text for all four Modifications adding that this has been done in 2 parts for each Modification; Part 1 is applicable to all four Modifications and Part 2 to 6 have elements specific to each Modification.

TS expressed her concern that whilst there are specific actions required in order to execute each Modification for the specific time period, some actions may have long term consequential impacts which could require in further Modifications to be raised subsequently to correct actions taken during the COVID-19 lockdown period.

AR then provided the Modification proposers an opportunity to provide an overview of the purpose of the Modification, outline the Solution and review Legal Text.

Modification 0721 (Urgent) - Shipper submitted AQ Corrections during COVID-19

Purpose: To authorise the CDSP to accept Annual Quantity (AQ) corrections from shippers in order to amend the AQ as a result of the changing consumption of the end user due to the COVID-19 crisis.

GE explained the Modification includes new criteria which allows shippers to change AQs in the system using existing functionality.

DA clarified Xoserve are currently reviewing what they can process in terms of volume; with the number of sites in EUC Bands 2-9 giving an indication of numbers. The view is that this Modification could be used where Users cannot take advantage of *Modification 0723 (Urgent) - Use of the Isolation Flag to identify sites with abnormal load reduction during COVID-19 period.*

In summary, AR clarified Modification 0721 is specific to EUC Bands 2-9.

LH asked how a User could move a Supply Point from EUC Band 1 to 2. DA advised the User would need to assess existing the AQ Correction criteria. TS added that the legal text stipulates that on the 1st day of the relevant period, the Supply Point must be in EUC Bands 2-9. If the Supply Point is in EUC Band 1 at the beginning of the process, then Modification 0721 would not apply.

FC clarified that Xoserve are monitoring a small number of sites in the Daily Metered (DM) market; if it looks like the AQ is going to fall below the 732,000 kWh threshold, they may need an AQ correction to hold the AQ above that level. Xoserve will monitor and liaise with the shipper concerned if this scenario is identified.

GD mentioned there is no reference to Transportation Charges within the Modification in terms of consequential impact. It was confirmed that the AQ on which Transportation Charges are based, which is set once a year, would not be amended.

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

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

GE clarified this Modification would allow shippers to submit estimated meter readings that reflect actual usage during this period of reduced consumption.

It was confirmed that where a future actual reading is found to be lower than an estimated reading, submitted during the COVID-19 period, the shipper would have to manage this as a change to the historical readings; Xoserve systems would not be able to distinguish between an estimated reading that has been submitted as an actual reading, (during this period), and a (genuine) actual reading.

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

Purpose: 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 AQ calculation, and therefore from UIG allocation during the relevant period.

TS clarified Modification 0721 has capacity implications whereas this Modification deals with commodity, adding that Users should use the tool that is most appropriate to the individual circumstances.

It was confirmed that when a Site is in a temporary isolation status, it should not impact AQ calculations and that if the isolation flag is put on, it is the shippers responsibility to remove it.

When SM asked for the logic of using a 2.5% permitted consumption level, JF explained this mirrors the threshold set in a gas transporter's licence for de minimis activities. SM suggested monitoring should be applied to the 2.5% to ensure it is set correctly. TS suggested that incorporating monitoring, considering the timescales for urgency, would be complex and would not help enable a quick implementation.

Modification 0724 (Urgent) - Amendment to Ratchet charges during COVID-19 period

Purpose: 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.

TS explained that under current process transporters are obliged to calculate Ratchet Charges where a Class 1 or 2 site exceeds their booked capacity. As a result of the COVID-19 pandemic a number of sites are having to increase their production in order to support the local/national needs caused by the crisis.

Usage over the booked capacity for these sites would not only see them incur ratchet charges for the period, they would also have an increased System Offtake Quantity (SOQ) after the COVID-19 period, without the need for the increased capacity after the crisis. This would result in additional capacity charges being incurred until they can request a decrease at the start of the SOQ reduction window in October 2020 or later should the crisis continue.

This Modification will add a set of rules to the UNC Transition Document to moderate Ratchet Charges and permanent changes to SOQ for sites that meet the 'COVID-19' criteria for the qualifying period, (the end date of which will be determined in line with government advice and requirements). A retrospective element would also be included to allow for these provisions to be backdated to cover the period from 23 March 2020, as outlined in the Coronavirus Act 2020.

TS explained there are certain types of business that are changing or increasing what they do and creates an increase in consumption.

TS confirmed the legal text mirrors the Modification mirrors the intent of the proposal and if there are additional requirements, these would need to be done in an additional Modification.

Certain clauses from within UNC were discussed, specifically Section B4.7.7 which includes the multiplier the proposal seeks to change. TS advised the principal intention of the Modification is to ensure that Sites helping with the COVID-19 effects have their ratchet charges moderated.

There followed a discussion on the formula being used and the usage of the correct algebra. GE advised he will provide some suggestions in his Consultation response.

In terms of Class 2 Supply Points, it was proposed that the value of J, in the formula set out in Section B4.7.8, be set at 1, which would have the effect of significantly reducing the Ratchet Charge.

TS advised the intent is to be cost neutral, although she acknowledged it is a very complex formula. JF confirmed the correct algebra would be applied to calculate any adjustments.

It was highlighted there may need to be a change to the legal text where in 5.1(b) it refers to B4.8.3, this should be B4.7.8.

GE confirmed he would provide clarification of this point direct to TS in an email.

TS clarified she had not included an additional step for an appeal to request for charge adjustments, as this only relates to a handful of sites and NGN are trying to help the sites and hope to avoid having to reject any requests.

Following discussion of the individual Urgent Modifications, DA advised that Xoserve are looking at how to organise a forum to discuss any change requests and the technical detail of the Modifications. This will be circulated to industry and communicated through company advocates

RP updated Workgroup on the drafting of a Modification that came out of the meeting held on 14 April with regards to the impact on charges of Rolling AQ on the Formula Year. He explained his concern with regards the charging implications associated with such a Modification and asked for any views from Workgroup to be sent to him direct.

GE said that it would be beneficial for Workgroup to have an understanding of the obligations in UNC in order to frame discussions.

4. CSS Consequential Changes – Detailed Design Report

4.1. Treatment of Information post REC Implementation

DA advised actions are being progressed through the DSC Contract Management Committee.

Workgroup agreed to remove this item from the agenda.

4.2. Exceptional Supply Points REC

DA asked Workgroup for any views on the information previously provided on what is in or out of scope for Exceptional Supply Points.

KD asked how the discussions with Ofgem are progressing, DA advised this would be managed through the Design Workgroup and will provide further information in due course.

Workgroup agreed to remove this item from the agenda.

5. Issues

Nothing raised at this meeting.

6. Any Other Business

6.1. Update on DESC’s Seasonal Normal Review 2020 (MP)

Mark Perry (MP) joined the meeting and advised he was attending different forums to provide awareness of the Seasonal Normal Review that is due to be implemented later on this year.

This was in response to a request around greater transparency that had been raised at a previous workgroup.

MP shared a presentation to the Workgroup, which included the background to the changes, the timeline and implementation.

MP explained that from 01 October 2020 a new Seasonal Normal basis will take effect, which means that:

- the Composite Weather Variable (CWV) formula will change (to include Solar Radiation); the Seasonal Normal Composite Weather Variable (SNCWV) values will change.
- Class 3 and 4 NDM Nominations and Allocations will be using CWVs based on the new formula and the revised SNCWV values.
- all Rolling AQs / SOQs for Class 3 and 4 Supply Meter Points will reflect the new view of Seasonal Normal weather.

MP added that Billing AQs / SOQs will remain unchanged and will only reflect the new Seasonal Normal basis from April 2021 (based on December 2020 snapshot).

Any questions on the Seasonal Normal Review 2020 process can be directed to the Demand Estimation team at Xoserve Email: Xoserve.demand.estimate@xoserve.com

7. Diary Planning

It was agreed that a meeting arranged by Xoserve will organise a meeting where the technical aspects of the Urgent Modifications can be discussed as part of Agenda item 3. DA confirmed the meeting is likely to take place in the middle of week commencing 27 April 2020.

Further details of planned meetings are available at: <https://www.gasgovernance.co.uk/events-calendar/month>

Time / Date	Venue	Workgroup Programme
10:00, Thursday 28 May 2020	Teleconference	Distribution Workgroup standard Agenda

10:00, Thursday 25 June 2020	TBC	Distribution Workgroup standard Agenda
10:00, Thursday 23 July 2020	TBC	Distribution Workgroup standard Agenda

Action Table (as of 23 April 2020)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
1102	28/11/19	6.3	<i>NGIS Reports</i> - DNs to investigate internally and report back to Workgroup	DNs	Carried Forward
1202	19/12/19	5.1	Xoserve (DA) to assess the material effort to correct the formula for Class 3 and 4 New Supply Meter Points	Xoserve (DA)	Carried Forward
0101	23/01/20	1.2	<i>NGIS Reports: (Action 1102):</i> SM will gather support and comments from ICOSS members and send email to all DNs directly.	Gazprom Energy (SM)	Carried Forward
0103	23/01/20	3.0	DA to liaise with SM regarding the possibility of having to raise a Change Request to Ofgem, or, Shippers will not be provided the information.	Xoserve (DA/ER)	Carried Forward
0104	23/01/20	3.0	<i>CDSP is required to pass a period of consumption data to an Incoming Shipper User when there is a Change of Tenancy (CoT):</i> All Shippers to provide an informal view for Xoserve to be able to decide the best way forward	All Shippers -	Carried Forward
0201	27/02/20	6.4	<i>Rules governing the installation of converters:</i> AR to contact David Harper, Chair of the IGEM Technical Group to see if there is a specific recommendation as to when a corrector should be fitted	Joint Office (AR)	Closed
0302	26/03/20	6.1	Shipper Agreed Reads (SAR) Discussion: All participants to review the slides provided at last month's meeting and close this as an AOB item. The slides can be found here: www.gasgovernance.co.uk/dist/270220	All	Closed

APPENDIX 1

Distribution Workgroup: Action 0201

Action:

Rules governing the installation of converters: AR to contact David Harper, Chair of the IGEM Technical Group to see if there is a specific recommendation as to when a corrector should be fitted.

Response from David:

All volume conversion is applied in accordance with the Gas (Calculation of Thermal Energy) Regulations.

Within these regulations there are three methods, Reg 2(c) No conversion device, 2(b) temperature only conversion and 2(a) Using a PTZ conversion.

The IGEM standards applicable are GM/8 and GM/5. (With GM/4 as well, but that is more complicated, so I have not included it here for simplicity)

Converters are required where there is:

- A wide pressure control band, outside of the limits required to use fixed factors (+/- 10% of the intended set-point as a gauge pressure below 100 mbar and +/- 1% of the intended set point in absolute pressure above 100 mbar) (GM/8 Part 1, Table 4).
- A Non-standard metering pressure where the Annual Quality (AQ) is below the threshold for the application of a site-specific fixed factor (732 MWh/year) (GM/8 Part 1, 9.3.3)
- Upstream metering, that is, where the meter is upstream of the pressure controls. (GM/8 Part 1, 7.6.7) also under 1. above
- Unregulated supply (GM/8 Part 1, 7.6.8.2) also under 1, above

GM/5 is less prescriptive covering the need for converters in the Introduction and quoting legal requirements, contractual obligations, the requirements of a GT's Network Code (or NExA), under variable pressure or temperature conditions, and to reduce fixed factor conversion errors.

MAMs have internal procedures that may require the installation of a converter, typically, if the metering pressure is over 500 mbar or the AQ exceeds a given threshold (often 732 MWh as applied by British Gas back in the late 1980s) (as well as the requirements above).

It is common for consumers to request the installation of a converter, often associated with their EU ETS submissions and achieving the necessary accuracy tier.

It is less common for gas suppliers to request a converter, anecdotally, they are more likely to ask for one to be removed or specifically request that one is not fitted, to simply their billing chain. Where there is a technical reason to include one, this is not the gas supplier's decision to make, they are sometimes insistent though.

In summary, converters are not always installed where they should be or where the benefit, in accuracy of the bill against cost of provision, is compelling.

Note: There are now meters using thermal mass flow technology, these meters only display converted volume in standard cubic meters, automatically converting using internal pressure and temperature. When these meters are used, the conversion factor in the billing system must be set at 1.0.