

UNC Distribution Workgroup Minutes
Thursday 23 July 2020
via Teleconference

Attendees		
Kate Elleman (Chair)	(KE)	Joint Office
Alan Raper	(AR)	Joint Office
Helen Bennett (Secretary)	(HB)	Joint Office
Kate Elleman	(KE)	Joint Office
Andy Clasper	(AC)	Cadent
David Addison	(DA)	Xoserve
David Mitchell	(DM)	SGN
Ellie Rogers	(ER)	Xoserve
Fiona Cottam	(FC)	Xoserve
Fraser Mathieson	(FM)	SPAA
Gareth Evans	(GE)	ICoSS
Guv Dosanjh	(GD)	Cadent
Helen Chandler	(HC)	SGN
Jon Dixon	(JD)	Ofgem
Kirsty Dudley	(KD)	E.ON
Lorna Lewin	(LL)	Orsted
Max Lambert	(ML)	Ofgem
Oorlagh Chapman	(OC)	Centrica
Paul Bedford	(PB)	Drax
Precious Patterson	(PP)	Ceres Energy
Phil Lucas	(PL)	National Grid
Richard Pomroy	(RP)	Wales & West Utilities
Sally Hardman	(SH)	SGN
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/230720

1. Introduction and Status Review

Kate Elleman (KE) welcomed everyone to the meeting.

1.1. Approval of Minutes (25 June 2020)

The minutes from the previous meetings were accepted.

1.2. Approval of late papers

KE advised the update on Modification 0722 was submitted as a late paper and would be covered under agenda item 4.1.

1.3. Review Outstanding Actions

Action 1202: Deriving Formula Year AQ for New Class 3 and 4 Supply Meter Points.

Update: It was confirmed that the update for this action is due at the next meeting on 27 August 2020. An early paper has been provided for Workgroup to consider in readiness for discussion at next meeting.

Dave Addison (DA) provided a background and summary:

For New Supply Meter Points, the UK Link system requires a minimum of 9 months (274 days) of Metered Quantity (consumption) history before a revised AQ value is calculated. Using the AQ Formula below:

1.6.14 (c) For Class 1 and 2 Supply Meter Points the Annual Quantity is calculated as

$$AQ = AQ' * 365 / D$$

AQ' is the quantity calculated under paragraph 1.6.9(a)

D is the number of Days in the AQ Metered Period

1.6.14(d) For Class 3 and 4 Supply Meter Points the Annual Quantity is calculated as

$$AQ = AQ' / D * 365$$

Where AQ and D have the meaning in paragraph (c)

1.6.9 (a) in the case of a Class 1 or 2 Supply Meter Point, as the sum of the Supply Meter Point Daily Quantities for all Days in the AQ Metered Period

1.6.9 (b) in the case of Class 3 or 4 Supply Meter Point, by reference to the AQ Metered Quantity and AQ Metered Period, in accordance with Section H3.2 (Demand Estimation and Demand Forecasting)

The AQ calculation for Class 3 or 4 is not referring to section 1.6.9(b) so the AQ value is currently not being Weather Adjusted between 9 months (274 days) and 365 days for a New Supply Meter Point.

After 365 days the Formula in Section H3.2.1 is being used.

DA informed the Workgroup of the options - 1. Do Nothing (if Workgroup feel it the materiality is not significant enough), or, 2. Amend the UNC via a modification to change the calculation for Class 3 and 4 New Supply Meter Points. He confirmed the costs associated with option 2 would be in the order of between £20-50k. A sponsor would be required if a modification is required. DA asked the Workgroup to consider the options in order to aid discussion at the next meeting in August 2020.

Kirsty Dudley (KD) suggested that the regulations could be changed to align with the systems. SM stated that the system should not be driving the regulations and should always be the regulations driving the system requirements.

Steve Mulinganie (SM) raised the concern in relation to the AQ Methodology document that was released yesterday informing that 121,000 sites are affected. DA advised that this would be processed via a different Workstream and he would discuss this with the Workstream Owner (Denis Regan) to see if this can be included in the scope.

It was considered useful that this be discussed at the Xoserve DSG Workgroup.

DA asked that it is recorded in the minutes that the general Workgroup consensus is that action is required to fix it. **Carried Forward**

Action 0601/0602: *Review of Modification 0722 - Allow Users to submit Estimated Meter Reading during* Consider options for dealing with consequences of estimated-actual Meter Reads (Mod 0722).

Update: Covered under agenda item 4.1. **Carried Forward**

Action 0603: Joint Office (AR) to produce a handover plan for when UIG is disbanded and any items move from UIG to DWG.

Update: AR advised that it is likely that the only review group that will transfer to Distribution Workgroup is 0693R - Treatment of kWh error arising from statutory volume-energy conversion. Loraine O'Shaughnessy (Chair of UIG Workgroup) is creating a handover document and a further update will be available post the July UIG meeting. **Carried Forward**

Action 0604: Joint Office (AR) to re-draft the Interim Report, republish and request Workgroup comments.

Update: Covered under agenda item 4. **Close Action**

Action 0605: RP to return to Workgroup on 22 July with thoughts on the potential for a new modification regarding FYAQ.

Update: RP advised he has not received any feedback to date and there appears to be a low level of take up of the use of the Estimated Reads Modification which should start to start to become more visible as Sites no longer need to be closed under the COVID-19 regime. He recommended to close this action and raise a modification if and when it is deemed necessary.

SM commented that the Industry is seeing less change than originally anticipated and advised they are seeing 20-25% reduction in gas consumption across the portfolio.

DA advised Workgroup that many sites may have decreased their capacity, if this is the case, it may have an effect on the Rolling AQ. If this is to endure past April 2021 then Users would possibly not want to roll over this current years Formula Year AQ; if there is going to be a recovery, then Users possibly would want to roll over this current years AQ.

SM advised he would like a decision either way of how this might be progressed.

RP added that there is a confirmed effect and the CDSP can quantify it. There needs to be an understanding whether this effect is going to be enduring for a significant part of 2020, or by April 2021 most of this effect will have unravelled, if that is the case, the User would want to roll over this current years AQ.

RP suggested the default position is do nothing unless there is evidence that we should do something and that there needs to be robust evidence for the benefit of rolling over or not rolling over.

Close action 0605

New Action 0701: CDSP (DA) to advise if they can provide analysis of AQ changes which would provide evidence to support whether a new modification was required.

RP mentioned that the way to reduce the risk is for sites to move to Class 2 as that does not rely on FYAQ.

Workgroup agreed to await further detail on new action 0701 before making a decision on how to progress with this topic.

Action 0606: *Mod 186 Reporting at DNCMF* - Xoserve and Gas Transporters to investigate the matter and provide a statement to the JO for publication to the Workgroup by 10 July 2020.

Update: Guv Dosanjh (GD) advised Workgroup that an update was provided and published on 10 July collectively by all Transporters. He added that investigations are ongoing and hopes to report back before the next Workgroup meeting in August 2020.

SM sought clarification if there is any intention to re-open the Pricing, GD advised nothing has been raised as yet with regards to this

Action 0606 Carried Forward

SM added that the risk is mutualisation against the Industry and requested an update at the next meeting as this is an item of significant interest within the business and therefore a delay would not be tolerated.

1.4. Modifications with Ofgem

Max Lambert (ML) provided an update on the Modifications awaiting Ofgem direction:

0696V - Addressing inequities between Capacity booking under the UNC and arrangements set out in relevant NEXAs

www.gasgovernance.co.uk/0696

and

0701 - Aligning Capacity booking under the UNC and arrangements set out in relevant NExAs

www.gasgovernance.co.uk/0701

ML advised there is no further update on this.

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

www.gasgovernance.co.uk/0687/

Jon Dixon (JD) advised that the approach for this modification needs to consider the different types of debt, and Ofgem are looking at different solutions and recognise the uncertainty around how this can operate. He advised Ofgem plan to provide clarity on this within the next week or two.

SM raised his concern for the delay and recognised the two solutions relating to Gas and Electricity. JD advised he is considering a 'minded to' position on what Ofgem consider the preferred option to be, he also advised there is a need for further clarity on how compensation is passed through and that there could be a better approach.

1.5. Pre-Modification discussions

1.5.1. Joint Theft Reporting Review (JTRR)

Fraser Mathieson (FM) shared his presentation and advised the aim of the discussion was to consider the best approach for the findings from the Request Workgroup 0677R - Shipper and Supplier Theft of Gas Reporting Arrangements.

He went on to share some of the findings:

- 30% of all confirmed theft in Theft Risk Assessment Service (TRAS) does not appear in the Contact Management Service (CMS) (and therefore is not included in Settlement)
- The single largest confirmed theft that does not appear in CMS is 85 GWh

The result of the findings show two highly undesirable effects:

- Large amount of consumption data related to theft is not used in Settlement which can cause inaccurate cost allocation and has a direct contribution to the volatility of Unidentified Gas (UIG).

Significant effort of Suppliers in detecting and investigating theft (in accordance with Supply Licence Conditions) is, unfairly, not recognised in settlement.

FM went on to share the recommendations of the JTRR:

Option 1

JTRR recommended clear obligations are placed on Shippers in code to process confirmed theft data received from Suppliers into Settlement (UNC Modification).

AND

A process is created to enable the automated transfer of confirmed theft data from Suppliers (via TRAS) to CDSP systems, with the Shipper being able to review and object to any volume data that may be entered into Settlement (DSC Change).

Option 2

Alternative approach whereby no obligation is placed on Shippers in the UNC, but a guidance document is created under the ownership of the UNC Committee, which requires the CDSP to implement a process to enable the automated receipt of

confirmed theft data from Suppliers (via TRAS) and entered into Settlement, with Shippers being able to review and object as above.

SM mentioned that there could be a third option, a hybrid of the two options, and that the main objective is to get valid theft of energy into settlements.

KD commented that a key factor was to have the right amount of reporting and tracking in place. PAC needs to better understand what needs to be processed and reported; and whether there is a different dynamic based on how the Supplier reports. She advised that there is a need for the extra step to make it works.

Ellie Rogers (ER) mentioned that with regards to the regulations, the CDSP would need to assess and look at the different options.

It was mentioned that the concept of a 'valid' theft needing to be included into Settlement, the process includes a check with the Shipper that needs to agree the validity of the energy going into Settlement.

KE clarified that the purpose of the discussion was for the Distribution Workgroup to make a decision on the options presented and also asked whether there was sufficient information provided for the Distribution Workgroup to make a decision. FM confirmed that the review group had explored all options in detail.

FM advised that in order to create some measures for PAC, there needs to be an obligation in UNC.

Tracey Saunders (TS) advised that, Transporters do not have a part in this process and questioned if Distribution Workgroup is the right place for this to be developed as it requires input from as many Shippers as possible. KD clarified this is the right forum.

KD asked if SPAA is drafted adequately at the moment. FM advised there is already an obligation in SPAA in that there is a requirement to provide five specific data items to the Shipper, these are required in order to ensure it is entered into Settlement.

SM commented that there is already obligations in UNC but there is no way of managing the process and this could be a change proposal rather than a modification.

KD advised that the confirmed theft needs to be recorded by Shipper and Supplier and assessed to see if it meets the compensation scheme criteria, as-in, is the energy accounted for.

FM summarised that there needs to be a clear obligation in UNC via a DSC process, he will have a draft of a modification at the next meeting and this will be included on the agenda for next month.

KE advised that a clearer view of the solution at the next meeting would allow Distribution Workgroup to agree the best way forward.

2. Workgroups

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

(Report to Panel 20 August 2020)

www.gasgovernance.co.uk/0697

2.2. 0710 - CDSP provision of Class 1 read service

(Report to Panel 17 September 2020)

www.gasgovernance.co.uk/0710

2.3. 0730 - COVID-19 Capacity Retention Process

(Report to Panel 15 October 2020)

www.gasgovernance.co.uk/0730

3. UIG Update

Fiona Cottam (FC) provided an overview of the UIG update presentation and advised from the next meeting she will start thinking about what happens as lockdown is eased.

Use of Isolation Flag – Key Indicators

Graph shows 2020 data and highlighted the drop in Isolations as the UK went into lockdown. This is being tracked to understand the impact on internal processes as Xoserve are not seeing the high levels expected. There is a peak day of 124 isolations and there are currently no concerns from a processing point of view.

Isolated Sites

FC explained there was concern originally that there would be a huge number of isolations and what that would do to allocations and confirmed the number of current isolations is down in count terms.

When asked, FC clarified that the data that would show the number of isolations, by sector, is not available.

Modification 0722 (Urgent)

FC explained that CDSP are tracking the levels of meter readings and highlighted there is no flag on the system that shows what is an estimated read submitted in line with 0722.

Estimated Meter Reads – Key Indicators

Graph shows how meter readings have been tracking, the orange line indicates a rolling 7 day average. The graph shows a spike in July, but FC has no further information regarding the spike at this time.

KE asked if meter readers have started to go out to read meters, FC advised that some agencies have started work again.

How is UIG Trending Now – to 20 July 2020

FC advised the information shown on this slide is up to date and shows the how UIG is tracking, this includes up to gas day 20 July 2020. The start of lockdown is highlighted 18 March 2020. The May Half-Term is also highlighted as the bank holiday style usage is being seen across the working week.

Likely Impact of the Urgent Modifications

FC provided a breakdown, by Urgent Modification, of the likely impact on UIG and highlighted that Shippers do need to correct or reverse their meter reading submissions as part of Modification 0723 by submitting correct actual meter readings.

UIG as a % of Total Throughput – Original v Latest as at May 2020 Amendment Invoice

This shows a graph of national UIG after meter point reconciliations (all Classes) processed up to and including end of May 2020 (36 months).

Paul Bedford (PB) asked, regarding Modification 0722, is this a modification that the Industry should not be using now. FC advised there will be a clause in the legal text that suggests where a User determines they are unable to get a meter reading, this can still be used. If a User can get a meter reading, either from a customer or a meter reading provider, then this method should not be used.

TS highlighted that this only applies if a business is still mandated to be closed.

KE provided a link to the Government guidance of the closure of certain businesses and venues in England: <https://www.gov.uk/government/publications/further-businesses-and-premises-to-close/further-businesses-and-premises-to-close-guidance>.

4. COVID-19 Issues

KE provided a view of the change marked updated Interim Report and advised this was presented to UNC Panel on 16 July 2020. The final report is due to be presented to UNC Panel in August 2020.

AR advised the report will include any identified consequences and if so, any action taken. Low utilisation of the modifications has taken away some of the concern around consequences. It was clarified that Isolations have come down in numbers, and with regards to Meter Readings, there are no great differences, therefore the key point is that the metrics are not as concerning as originally thought.

It was confirmed that AR will update the report read for the next UNC Panel.

JD advised that this does link in with Modifications 0722 and 0723 and that Ofgem are considering carrying out some lessons learned. He added there could be a second wave of COVID-19 with further lockdowns and asked Workgroup if there is value in holding a session to look at the value of these modification and the process. JD suggested this would possibly be a webinar and would welcome suggestions of the kind of issues that could be discussed.

Some Workgroup participants welcomed this idea. SM advised Irish operators could prove useful in participating in a lessons learned exercise.

KE asked Workgroup to reflect if they would like to participate and refer back to JD.

Gareth Evans (GE) commented that this would be extremely useful and ICoSS would want to be involved and asked who the participants would be. JD advised this is possibly going to incorporate both Gas and Electricity. GE expressed concern at having both Gas and Electricity.

JD clarified his contact details can be shared with Distribution Workgroup attendees:

[Jonathan Dixon](#)

Jonathan.Dixon@ofgem.gov.uk

4.1. Consider Options for dealing with consequences of estimated-actual Meter Reads (Modification 0722)

DA provided an update on the outstanding action from previous discussions at the June 2020 Workgroup for Modification 0722 (Urgent) - Allow Users to submit Estimated Meter Reading during COVID-19.

Action 0601/0602: Review of Modification 0722 - Allow Users to submit Estimated Meter Reading during Consider options for dealing with consequences of estimated-actual Meter Reads (Mod 0722).

DA reminded the Workgroup of how the solution worked which was to that any value tied up in Commodity would be released by Reconciliation triggered by receipt of a Meter Reading. This Modification enables Users to submit Estimated Meter Readings to the CDSP.

DA highlighted to the Workgroup that Estimated Meter Readings are not distinguishable from Actual Meter Readings in UKLink, therefore there is no way of knowing the volume of Modification 0722 Estimated Meter Readings received.

DA explained that during the assessment of impacts, it was identified that there would be impact against AQ and UIG, however, these were mitigated by the receipt of an Actual Meter Reading being submitted as soon as viably possible once the ease of lockdown started to commence.

Modification 0722 Business Rules require that:

3 Meter Readings

3.1 *Where a User is unable to obtain and submit to the CDSP a Meter Reading for a Class 3 or 4 Supply Meter for a Read Date which falls within the Relevant Period (in relation to the*

LDZ to which the relevant Supply Meter is connected) and such inability is due to reasons solely attributable to COVID-19(due to the obtaining of a Meter Reading being prevented) the User may instead submit an estimated Meter Reading.

3.2 *Where a User submits an estimated Meter Reading in accordance with paragraph 3.1:*

(a) the Meter Reading will be estimated by the User on the basis of the User's reasonable estimate of the expected Metered Volume offtaken at the Supply Meter Point during the relevant Meter Reading Period;

(b) the User shall keep a record of the basis on which it made its reasonable estimate under paragraph (a) for a period of not less than two (2) years following the end of the Relevant Period (in relation to the LDZ to which the relevant Supply Meter is connected) and make such record available to the relevant DN Operator where so requested.

DA highlighted Business Rule **3.2 (b)** where the User must keep records of how Estimated Meter Readings were derived for a period of 2 years and explained that his interpretation of this rule is that Users must maintain a record of Estimated Meter Readings.

Referring to the actions taken at the June 2020 meeting, (Action 0601 and 0602 have now been merged) DA explained his thoughts on how the process could work:

- The User could provide records to the CDSP although there is no obligation on the User to do this. The 'who; what; when; why and content of dataset' has not yet been defined but thoughts are documented on the Actions slide of the presentation provided for the meeting.
- CDSP can assess the dataset received and attempt to identify where an Actual after an Estimated Reading has not been received.

KE clarified that the risk is where the meter read submitted was poorly estimated and no follow up actual reading is then received.

Next steps

An action was placed on all of Distribution Workgroup participants to provide views based on the discussions minuted above as soon as possible.

New Action 0702: *Consider Options for dealing with consequences of estimated-actual Meter Reads (Modification 0722):*

All Distribution Workgroup participants to provide views based on the discussions minuted as soon as possible, specifically:

How feasible is any solution based on existing Shipper obligations?

- Are they viable without an obligation?
- How should any obligation (if needed) be applied?

Any solution options to discount?

- User to CDSP data
- CDSP to User data.

4.2. Review of Modification 0726 (Urgent) – COVID-19 Liquidity Relief Scheme for Shippers

KE shared the UNC Liquidity Scheme Reporting data that covered the month of July 2020.

KD advised that it would be more meaningful if feedback was sought from those that used the service. It was agreed that Joint Office would write out to Industry to gather views to support the completion of the final report for UNC Panel.

When GE asked if the Liquidity Scheme Reporting data would be produced every month, AR confirmed that Joanne Fergusson (Northern Gas Networks) is pulling this together each month.

5. CSS Consequential Changes – Detailed Design Report

This item was not covered. An update from Xoserve is due in August.

6. Issues

Nothing raised.

7. Any Other Business

7.1. GSR Cut Offs (AC)

Andy Clasper (AC) provided an overview of the process and explained that Distribution Networks (DNs) carry out this obligation on behalf of Gas Suppliers and wanted to raise an where the service cannot be located.

When a service cannot be located DNs will try to make telephone contact with the Supplier which is not always successful, and Suppliers will often quote GDPR as to why customer and address data cannot be provided.

AC advised that roughly 800 services each year cannot be located in the Cadent footprint.

AC explained that it was Supplier obligation and to support Suppliers in meeting their obligation, DNs are planning on adding an additional process step by formerly issuing a letter to the Supplier to request further address data. He advised that the SPAA Contract Manager will initially be the first point of contact.

GE said that there could be a risk around data that has been provided being misinterpreted. He advised that from experience there needs to be further clarity around actions taken in the field.

KD suggested there may be a benefit of raising this at the Supplier Expert Group (SEG).

AC reiterated that this is an obligation carried out on behalf of the Gas Suppliers, if they do not provide the information, then they will not meet their obligation.

7.2. Proposed amendment to the Class 1 Ratchet Charge Guidelines Document (Mod 0665) (TS)

This item was not covered.

7.3. XRN5180 – Inner Tolerance Validation for replacement reads and read insertions

DA provided an overview of the Inner Tolerance Validation (ITV) for replacement reads and read insertions and explained that it could be rejected if the Inner Tolerance Check (ITC) fails. The read validation is performed for both consumption periods, one back to the previous read and one forward to the subsequent read. If one of these periods fails the ITC and, therefore, the override flag is required, then the read will be rejected.

DA advised that the planned change would allow a read that results in two periods of consumption, with one that fails the ITC and one that passes, to be accepted where the override flag is set.

DA clarified there is no functional impact on Shippers and that this would be delivered as a minor enhancement.

GE asked, if User error produces high numbers, what would happen? DA advised this would be out of tolerance and dealt with under the current process.

DA confirmed this will need to be presented to UNCC.

When asked, the remaining participants of the Workgroup agreed with the approach.

Paul Bedford asked for confirmation there is no impact on Shippers. DA confirmed this is the case.

7.4. Customer count reporting

KD advised, for the Shippers present that are also Suppliers, due to access permissions and not being able to utilise SPAA data, the DTSA are currently exploring an equivalent with Electralink and CDSP in order to provide reporting via a central report of customer count (MPRNs).

More information will be provided at next month's meeting.

8. Diary Planning

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

Time / Date	Venue	Workgroup Programme
Thursday 27 August 2020	Teleconference	Distribution Workgroup standard Agenda
Thursday 24 September 2020	TBC	Distribution Workgroup standard Agenda
Thursday 22 October 2020	TBC	Distribution Workgroup standard Agenda
Thursday 26 November 2020	TBC	Distribution Workgroup standard Agenda
Monday 14 December 2020	TBC	Distribution Workgroup standard Agenda

Action Table (as of 23 July 2020)						
Action Ref	Meeting Date	Minute Ref	Action	Reporting Month	Owner	Status Update
0601 & 0602	25/06/20		Consider options for dealing with consequences of estimated-actual Meter Reads (Mod 0722)	July 2020	CDSP (DA)	Carried Forward
0603	25/06/20		Joint Office (AR) to produce a handover plan for when UIG is disbanded and any items move from UIG to DWG	August 2020	Joint Office (AR)	Carried Forward

0604	25/06/20		Joint Office (AR) to re-draft the Interim Report, republish and request Workgroup comments		Joint Office (AR)	Closed
0605	25/06/20		RP to return to Workgroup on 22 July with thoughts on the potential for a new modification regarding FYAQ		WWU (RP)	Closed
0606	25/06/20		Mod 186 Reporting at DNCMF Xoserve and Gas Transporters to investigate the matter and provide a statement to the JO for publication to the Workgroup by 10 July 2020.	August 2020	Xoserve and Gas Transporters	Carried Forward
0701	23/07/20	1.3	CDSP (DA) to advise if they can provide analysis of AQ changes which would provide evidence to support whether a new modification was required.	August 2020	CDSP (DA)	Pending
0702	23/07/20	4.1	<i>Consider Options for dealing with consequences of estimated-actual Meter Reads (Modification 0722):</i> All Distribution Workgroup participants to provide views based on the discussions minuted as soon as possible, specifically: How feasible is any solution based on existing Shipper obligations? <ul style="list-style-type: none"> • Are they viable without an obligation? • How should any obligation (if needed) be applied? Any solution options to discount? <ul style="list-style-type: none"> • User to CDSP data • CDSP to User data 	August 2020	All Distribution Workgroup	Pending

Future Agenda Items (Previous Actions)

Action	Agenda Item	Owner	Reporting Month
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Ref			
1202	Deriving Formula Year AQ for New Class 3 and 4 Supply Meter Points	ER	Aug 2020
0103 & 0104	Change of Tenancy Flag / CSS issues	ER	Aug 2020