

| UNC Workgroup Report  |  | At what stage is this document in the process?  |
|---|--|---|
| <h1>UNC 0664:</h1> <h2>Transfer of Sites with Low Valid Meter Reading Submission Performance from Classes 2 and 3 into Class 4</h2>   |  | <div style="display: flex; flex-direction: column; gap: 5px;"> <div style="border: 1px solid #ccc; border-radius: 5px; padding: 5px; width: 100px; display: flex; justify-content: space-between;"><span style="background-color: #e0f2f1; border-radius: 5px; padding: 2px 5px;">01</span> Modification</div> <div style="border: 1px solid #ccc; border-radius: 5px; padding: 5px; width: 100px; display: flex; justify-content: space-between;"><span style="background-color: #bbdefb; border-radius: 5px; padding: 2px 5px;">02</span> Workgroup Report</div> <div style="border: 1px solid #ccc; border-radius: 5px; padding: 5px; width: 100px; display: flex; justify-content: space-between;"><span style="background-color: #e1bee7; border-radius: 5px; padding: 2px 5px;">03</span> Draft Modification Report</div> <div style="border: 1px solid #ccc; border-radius: 5px; padding: 5px; width: 100px; display: flex; justify-content: space-between;"><span style="background-color: #ffe0b2; border-radius: 5px; padding: 2px 5px;">04</span> Final Modification Report</div> </div> |
| <p><b>Purpose of Modification:</b></p> <p>To create an obligation for Shippers to move Supply Points with low Valid Meter Reading submission performance from Classes 2 and 3 into Class 4, following a consecutive period of poor performance. The CDSP will automatically move any Supply Points not moved by the Shipper in such a scenario (after an allowed period of time).</p> |  |   |
|    | <p>The Workgroup recommends that this modification should not be subject to self-governance</p> <p>The Panel will consider this Workgroup Report on <b>20 February 2020</b>. The Panel will consider the recommendations and determine the appropriate next steps.</p> |   |
|    | <p>High Impact:</p> <p>Shippers</p>  |   |
|    | <p>Medium Impact:</p> <p>CDSP</p>  |   |
|    | <p>Low Impact:</p> <p>Transporters</p>   |   |

| Contents  |                                   |
|---|-----------------------------------|
| 1   | Summary 3                         |
| 2   | Governance 4                      |
| 3   | Why Change? 4                     |
| 4   | Code Specific Matters 6           |
| 5   | Solution 6                        |
| 6   | Impacts & Other Considerations 23 |
| 7   | Relevant Objectives 25            |
| 8   | Implementation 26                 |
| 9   | Legal Text 26                     |
| 10  | Recommendations 31                |
| Timetable   |                                   |
| <b>The Proposer recommends the following timetable:</b> |                                   |
| Initial consideration by Workgroup                      | 28 August 2018                    |
| Workgroup Report presented to Panel                     | 20 February 2020                  |
| Draft Modification Report issued for consultation       | 20 February 2020                  |
| Consultation Close-out for representations              | 12 March 2020                     |
| Final Modification Report available for Panel           | 19 March 2020                     |
| Modification Panel decision                             | 16 April 2020                     |

 Any questions?

Contact:  
Joint Office of Gas Transporters

 [enquiries@gasgovernance.co.uk](mailto:enquiries@gasgovernance.co.uk)

 0121 288 2107

Proposer:  
Mark Jones  
SSE

 [mark.jones@sse.com](mailto:mark.jones@sse.com)

 07810 858716

Transporter:  
Cadent

 [gurvinder.dosanjh@cadentgas.com](mailto:gurvinder.dosanjh@cadentgas.com)

 01926 653541

Systems Provider:  
Xoserve

 [UKLink@xoserve.com](mailto:UKLink@xoserve.com)

## Summary

### What

*This Modification was initially developed at PAC and is being monitored by PAC.*

Post Nexus delivery Unidentified Gas (UIG) is shared out using weighting factors determined by the Allocation of Unidentified Gas Expert (AUGE), and currently less UIG is apportioned to Class 2 and Class 3 Supply Points than to Class 4 Supply Points. However, poor performance in the obtaining of Valid Readings from Supply Meters at Supply Points in these settlement classes does not improve the situation regarding temporary UIG but hinders it further. The Performance Assurance Committee (PAC) has been monitoring the situation over recent months, and it has become clear that poor performance can continue with no incentive (beyond Uniform Network Code (UNC) breach) to rectify the situation in the short term. For this reason, the PAC is seeking to create additional incentives in this area to ensure Shippers reach and maintain a minimum level of Valid Meter Readings that are submitted to the CDSP for both Classes 2 and 3, as established in the UNC.

### Why

At present, while Valid Meter Reading submission performance targets are clearly laid out in the UNC TPD Section M, there is no further incentive to ensure Valid Meter Reading performance reaches a suitable level and is maintained. As it stands, without additional incentives, Shippers are able to move large numbers of sites (with potentially high associated energy consumption) into Classes 2 and 3 and, therefore, reduce their UIG exposure. Whilst reading submission in these classes has improved recently, there remain a number of shippers with significant sized portfolios in these classes who are submitting very low numbers of Valid Meter Readings to the CDSP and appear not to be operating effective business processes that meet the requirements of these classes.

### How

The solution will create an obligation for Shippers to transfer those Supply Points in Classes 2 and 3 where the percentage of Valid Meter Readings obtained from the Supply Meters is below the minimum required standard into Class 4. Valid Reading submission performance will be measured at Supply Point level, with those Supply Points falling below a specified benchmark for a consecutive period being automatically transferred to Class 4. After an allowed period of time, where a Shipper does not move Supply Points that have fallen below the threshold in accordance with the obligation, the CDSP will automatically move those Supply Points into Class 4.

## 1 Governance

### Justification for Authority Direction

This Modification should follow Authority Direction procedures, as it could have a material impact on competition. The Modification proposes the introduction of obligations related to Valid Meter Reading submission performance for Class 2 and 3 Supply Points to ensure Shippers that use the relevant settlement classes are able to fulfil the associated Valid Meter Reading submission obligations. As a result, there could be a material impact on competition and contractual obligations for Shippers and Suppliers.

### Requested Next Steps

This Modification should:

- be considered a material change and not subject to self-governance
- proceed to Consultation

Workgroup Participants are satisfied that the Modification is now well developed, that the Legal Text meets the intent of the Solution and that consultation is the appropriate next step.

## 2 Why Change?

As it stands currently, performance targets for Valid Meter Reading submissions are clearly laid out in the UNC for all settlement classes. The current Valid Meter Reading submission targets for Class 2 and 3 Supply Points as stated in UNC TPD Section M, stand at 97.5% of a Shipper's portfolio for Class 2, and 90% of a Shipper's portfolio per month for Class 3. However, Shippers can benefit from lower UIG weighting factors by moving sites into Classes 2 and 3, but with no incentive or link to minimum levels of Valid Meter Reading submission performance. Without this link, the additional readings available in these classes will not help the temporary UIG situation, but would further hinder it, potentially creating more unreconciled gas in these categories.

Since November 2017, the PAC has been monitoring levels of Valid Meter Reading submissions for Classes 2 and 3, as the post Nexus settlement classes have been taken up by Shippers and there are now some 2.1 million Supply Points currently in Class 3. However, the post Nexus regime is now over two years old, and read submission performance remains poor, despite the CDSP offering and giving support to Shippers to improve meter reading submission levels. Given that this educative approach has not been successful to date, the PAC feels that further incentives are needed in this area to improve read submission levels for the new settlement classes.

The most recently reported (anonymous) read submission levels are below (as at October 2019):

#### Read Performance as of Oct-19

| Shipper Name | PC1    | PC2 | PC3    | PC4-Monthly Read | PC4-Annual Read |
|--------------|--------|-----|--------|------------------|-----------------|
| Ankara       | 96.77% | -   | -      | -                | -               |
| Apia         | -      | -   | -      | 40.00%           | 95.18%          |
| Baghdad      | -      | -   | -      | 0.00%            | 74.56%          |
| Banjul       | -      | -   | 90.32% | 66.67%           | 84.98%          |
| Berlin       | -      | -   | 0.00%  | 50.00%           | 95.31%          |

|             |         |         |        |         |         |
|-------------|---------|---------|--------|---------|---------|
| Bern        | -       | -       | -      | 0.00%   | 95.49%  |
| Bishek      | -       | -       | 28.83% | 0.00%   | 75.60%  |
| Bissau      | -       | -       | -      | 50.00%  | -       |
| Bratislava  | -       | -       | -      | 0.46%   | 5.71%   |
| Brazzaville | 100.00% | 100.00% | 17.90% | 25.46%  | 93.65%  |
| Bucharest   | -       | -       | 87.83% | 19.07%  | 75.46%  |
| Castries    | -       | -       | -      | -       | 96.99%  |
| Dili        | -       | -       | 80.00% | 36.48%  | 95.76%  |
| Djibouti    | -       | -       | 0.00%  | 62.13%  | 94.44%  |
| Dublin      | -       | -       | -      | 100.00% | 96.90%  |
| Gaborone    | -       | -       | -      | 50.00%  | 81.50%  |
| Gitega      | 84.51%  | 95.21%  | 76.90% | 37.07%  | 83.80%  |
| Hamilton    | -       | -       | -      | 28.11%  | 90.65%  |
| Islamabad   | -       | -       | -      | 23.27%  | 96.18%  |
| Kampala     | -       | -       | 70.00% | 50.00%  | 83.64%  |
| Kinshasa    | -       | -       | -      | 44.00%  | 91.85%  |
| Lisbon      | -       | -       | 0.07%  | 18.38%  | 87.28%  |
| Luanda      | -       | 58.71%  | 92.89% | 80.72%  | 84.93%  |
| Luxembourg  | -       | -       | -      | 28.57%  | 93.34%  |
| Majuro      | -       | -       | -      | 72.50%  | 95.17%  |
| Malabo      | -       | -       | 64.17% | 79.63%  | 94.73%  |
| Manama      | -       | -       | 9.05%  | 64.67%  | 97.05%  |
| Maputo      | -       | -       | -      | 12.50%  | -       |
| Marigot     | -       | -       | -      | 100.00% | 100.00% |
| Mogadishu   | -       | -       | -      | 28.57%  | 84.27%  |
| Monaco      | 48.39%  | -       | 81.72% | 0.00%   | -       |
| Monrovia    | -       | -       | -      | 75.79%  | 72.75%  |
| Nairobi     | -       | -       | -      | 50.00%  | 96.15%  |
| Nassau      | 100.00% | -       | -      | -       | 100.00% |
| Nuuk        | -       | -       | -      | 28.95%  | 97.05%  |
| Oranjestad  | -       | -       | -      | 27.47%  | 93.56%  |
| Papeete     | 88.59%  | 83.38%  | 90.44% | 75.03%  | 85.34%  |
| Paramaribo  | -       | -       | -      | -       | 100.00% |
| Philipsburg | 88.99%  | 70.22%  | -      | 40.58%  | 92.06%  |
| Prague      | -       | -       | -      | 26.67%  | 93.47%  |
| Praia       | 100.00% | 0.00%   | 78.45% | 41.60%  | 83.80%  |
| Pyongyang   | -       | -       | -      | 6.67%   | 16.67%  |
| Quito       | -       | -       | -      | 53.24%  | 96.76%  |
| Ramallah    | 89.00%  | 0.00%   | -      | 71.21%  | 95.83%  |
| Reykjavik   | 80.23%  | 64.27%  | 65.32% | 93.25%  | 95.33%  |
| Riyadh      | 0.00%   | -       | 0.00%  | 66.67%  | 93.41%  |
| Rome        | 93.86%  | 73.90%  | 98.47% | 88.39%  | 92.94%  |
| Roseau      | -       | 0.00%   | 45.24% | 62.42%  | 71.13%  |
| Saipan      | 92.93%  | 60.39%  | 48.39% | 74.50%  | 85.62%  |
| Sarajevo    | -       | -       | -      | 50.67%  | 80.02%  |
| Seoul       | -       | -       | 80.50% | 81.53%  | 94.28%  |
| Sukhumi     | -       | -       | 70.07% | 46.94%  | 88.37%  |
| Suva        | -       | -       | -      | -       | 90.07%  |
| Taipei      | -       | -       | 80.35% | 39.13%  | 94.28%  |
| Tallinn     | -       | -       | 7.01%  | 41.39%  | 92.62%  |
| Tarawa      | -       | -       | -      | 27.34%  | 65.66%  |
| Tehran      | 66.67%  | 100.00% | -      | -       | -       |
| Thimphu     | 100.00% | 39.52%  | -      | 88.78%  | 85.51%  |
| Tiraspol    | -       | 100.00% | -      | -       | -       |
| Tripoli     | -       | -       | -      | 0.00%   | 96.31%  |
| Tunis       | -       | -       | -      | 83.33%  | 74.82%  |
| Valletta    | 66.67%  | -       | -      | 66.67%  | 93.33%  |
| Vilnius     | -       | -       | -      | 83.28%  | 92.37%  |
| Warsaw      | 83.33%  | 0.00%   | -      | 0.00%   | -       |

|                       |               |               |               |               |               |
|-----------------------|---------------|---------------|---------------|---------------|---------------|
| Washington            | 100.00%       | 53.76%        | 2.78%         | 74.60%        | 88.99%        |
| <b>Industry Total</b> | <b>82.22%</b> | <b>56.21%</b> | <b>52.57%</b> | <b>47.14%</b> | <b>86.95%</b> |

The CDSP will be entitled to charge Shippers on a Supply Point basis for all Supply Points that it reclassifies from Classes 2 and 3 to Class 4 on behalf of Shippers in each calendar month. The CDSP will set out the charging rates and invoicing arrangements within the DSC Contract.

### 3 Code Specific Matters

#### Reference Documents

UNC TPD Section M - <https://www.gasgovernance.co.uk/TPD>

### 4 Solution

The solution will deal with the transfer of poor performing Supply Points (from Classes 2 or 3 to Class 4).

#### New Defined Terms:

The following new defined terms will be required to be added to the UNC.

#### Minimum Percentage Requirement

The minimum percentage of **Valid Readings** required over each Performance Period for each Supply Point in order for the Supply Point to remain in Class 2 or Class 3. For the avoidance of doubt, a Meter Reading will be determined as being a Valid Reading including Meter Readings for Smaller Supply Points that are not specifically subject to Validation, but are determined to be valid (M5.8.3 refers – as introduced by UNC Modification 0700) for determination of meeting performance.

This will be set at 25% initially for both Classes 2 and 3 (i.e. each Supply Meter Point in Class 2 or 3 must obtain Valid Meter Readings for 25% of the days within the Performance Period). The Minimum Percentage Requirement will be reviewed on an annual basis by the PAC.

Where there is more than one Minimum Percentage Requirement in place across a Performance Period then the lower of the Minimum Percentage Requirements must be met for all of the Performance Period.

#### Minimum Performance Measure

The percentage of Supply Points that must meet the Minimum Percentage Requirement over each Performance Period in order for all Supply Points to remain in Class 2 or Class 3. This will be set at 90% initially for both Classes 2 and 3. The Minimum Percentage Requirement will be reviewed on an annual basis by the PAC.

Where there is more than one Minimum Performance Measure in place across a Performance Period then the lower of the Minimum Percentage Requirements must be met for all of the Performance Period.

### **Performance Measure**

The percentage of daily Valid Meter Readings received, as measured by the CDSP, for each Supply Point in Classes 2 and 3 over each Performance Period.

### **Performance Period**

The time period over which each Performance Measure will be derived. This will initially be set as a consecutive 3 calendar month period, but will be reviewed on an annual basis by the PAC. Where there is a change to the Performance Period then all Performance Measures commencing from that date on will be on the revised Performance Period. Any Performance Periods in place at the date of the Performance Period change will be unaffected by the Performance Period change.

### **Performance Month**

The Supply Meter must be classified as either Class 2 or 3 for the entire calendar month to be considered for a Performance Month within the Performance Period. Where a Supply Meter has been reclassified outside of Class 2 or 3 for any part of the month, or been subject to a Change of Shipper after the first calendar day of the month, it will not be considered either to contribute to performance within the month, nor be considered as part of the Shipper Portfolio for determining the 'Performance Contributing Portfolio'.

### **Performance Contributing Portfolio**

This is the Shipper's total Class 2 and Class 3 Supply Meter Point portfolios, less any Supply Meters that are not included within the Performance Month – e.g. as a result of reclassification or Shipper transfer on any day other than the first of the month.

### **Lock-out Period**

The time period over which Shippers will not be able to re-register Supply Points into Classes 2 or Class 3 that have been removed from either of these Classes due to them failing the Minimum Percentage Requirement. The Lock-out Period will begin on the day of re-registration into Class 4. The lock-out period will cease to apply if there is a change of Shipper at the Supply Point or if the Supply Point qualifies to be registered as a Class 1 Supply Point. The lock-out period will be initially set at 3 months and will be reviewed on an annual basis by the PAC. Where there is a change to a Lock-Out Period all Supply Points that are in a Lock-Out period will be subject to the shorter of the Lock-Out periods.

### **Notification of revised Minimum Percentage Requirement, Minimum Performance Measure, Performance Period and Lock-Out Period**

For each Gas Year, the Performance Assurance Committee will maintain or revise the Minimum Percentage Requirement, the Minimum Performance Measure, the Performance Period and Lock-Out Period.

The Performance Assurance Committee will consult with the Uniform Network Code Committee (UNCC) on any revisions and provide the reasons for the revisions.

Not later than 31st August in the Preceding Year (and in sufficient time to meet CDSP system time constraints), the PAC will confirm to the CDSP any revisions, who will apply them from 1<sup>st</sup> October for the upcoming Gas Year. The PAC will also confirm any revisions to Users.

Where the Performance Assurance Committee is unable to or does not determine any revisions for the upcoming Gas Year, the CDSP shall rollover all values applying in the preceding Gas Year

The business rules are below.

### **Business Rules**

1. It is proposed that the current read provision obligations in section M, 5.7 and 5.8 are extended to add minimum individual Supply Meter Reading performance targets (Minimum Percentage Requirement). In addition to the existing portfolio level, Valid Read submission targets, each Supply Point registered in settlement Classes 2 and 3 will have Valid Supply Meter Readings measured daily where they meet the criteria to be considered for the Performance Month.

2. While the existing portfolio level Valid Reading submission targets will remain (97.5% per day for Class 2, 90% per day for Class 3), in addition, each Supply Point will need to meet a minimum level of performance over the Performance Period. If any Supply Meter in either Class 2 or 3 provides less than 25% of daily reads (the 'Minimum Percentage Requirement') across the consecutive period, the Supply Point will be required to be reclassified to Class 4 following that period provided that the Shipper has not met a satisfactory performance across its Class 2 and 3 Performance Contributing Portfolio (as described in Business Rule 10).

3. The table below demonstrates the mechanism for measuring Supply Point level read performance, where the number of accepted Valid Meter Readings provided for a Supply Point in any given Performance Month is recorded and measured to generate an individual monthly read submission performance. The Performance Measure calculated for each Supply Point will be average of the Performance Months contained within each Performance Period.

|                   | MPRN 1        | MPRN 2        | MPRN 3       | MPRN 4       | MPRN 5        | MPRN 6        | MPRN 7       | MPRN 8        | MPRN 9        | MPRN 10      |
|-------------------|---------------|---------------|--------------|--------------|---------------|---------------|--------------|---------------|---------------|--------------|
| Day 1             | 1             |               |              |              |               |               |              |               | 1             |              |
| Day 2             | 1             | 1             |              |              |               |               |              |               | 1             |              |
| Day 3             | 1             | 1             |              |              | 1             |               |              |               | 1             |              |
| Day 4             | 1             | 1             |              |              |               |               |              |               | 1             |              |
| Day 5             | 1             | 1             |              |              | 1             | 1             |              |               | 1             |              |
| Day 6             | 1             | 1             |              |              |               | 1             |              |               |               |              |
| Day 7             | 1             | 1             |              | 1            | 1             | 1             |              |               |               |              |
| Day 8             | 1             | 1             |              |              |               | 1             |              |               |               |              |
| Day 9             | 1             | 1             |              |              | 1             | 1             |              |               |               |              |
| Day 10            | 1             | 1             |              |              |               | 1             |              |               |               |              |
| Day 11            | 1             | 1             |              |              | 1             | 1             |              |               |               |              |
| Day 12            | 1             | 1             |              |              |               | 1             |              |               |               |              |
| Day 13            | 1             | 1             |              |              |               | 1             | 1            |               |               |              |
| Day 14            | 1             |               |              |              |               | 1             |              |               |               |              |
| Day 15            | 1             |               |              |              | 1             | 1             |              |               |               |              |
| Day 16            | 1             |               |              |              |               | 1             |              |               |               | 1            |
| Day 17            | 1             |               |              |              | 1             | 1             |              |               |               | 1            |
| Day 18            | 1             |               |              |              |               | 1             |              |               |               | 1            |
| Day 19            | 1             |               |              |              | 1             | 1             |              |               |               | 1            |
| Day 20            | 1             |               |              |              |               | 1             |              |               |               |              |
| Day 21            | 1             |               |              |              |               | 1             |              |               |               |              |
| Day 22            | 1             |               |              |              |               | 1             |              |               |               |              |
| Day 23            |               |               |              |              |               | 1             |              |               |               |              |
| Day 24            | 1             |               |              |              |               | 1             | 1            |               |               |              |
| Day 25            | 1             |               |              |              |               | 1             | 1            |               |               |              |
| Day 26            | 1             |               |              |              |               | 1             |              |               |               |              |
| Day 27            | 1             |               |              |              |               | 1             |              |               |               |              |
| Day 28            | 1             |               |              |              | 1             |               |              |               |               |              |
| Day 29            | 1             |               |              |              |               |               |              |               |               |              |
| Day 30            | 1             |               |              |              |               |               |              |               |               |              |
| Day 31            |               |               |              |              |               |               |              |               |               |              |
| <b>Total</b>      | <b>29</b>     | <b>12</b>     | <b>0</b>     | <b>1</b>     | <b>14</b>     | <b>21</b>     | <b>0</b>     | <b>5</b>      | <b>4</b>      | <b>0</b>     |
| <b>Percentage</b> | <b>93.55%</b> | <b>38.71%</b> | <b>0.00%</b> | <b>3.23%</b> | <b>45.16%</b> | <b>67.74%</b> | <b>0.00%</b> | <b>16.13%</b> | <b>12.90%</b> | <b>0.00%</b> |

4. Read submission would be measured by the receipt of a Valid Reading, accepted into CDSP systems, including those not explicitly subject to Validation (re: M5.8.3) but deemed valid for performance purposes. The relevant percentage would be calculated for each Performance Period, calculated as the straight average of each Performance Month without any weighting for the number of days in each month and so, for example, where a Performance Period included the months of January, February and March, February’s performance would have equal weighting as those of January and March in determining the performance over the Performance Period, which will be set initially as a 3 month period, and set on an annual basis by the PAC.

5. Following a change of Shipper, Supply Point Valid Reading performance will be reset for the new Shipper. Performance measurement will begin from the 1st day of the next Performance Period after the change of Shipper for the Supply Point and so allowing complete months to be measured.

6. Any Supply Meters that move into Class 2 or 3 from Class 1 or 4 after the first day of the month will be considered against the Performance Period from the start of the subsequent month – i.e. the start of the next Performance Month.

7. Any Supply Meters that move from Class 3 to Class 2 or vice-versa during the Performance Period will have to meet the Valid Meter Reading submission level of the lower target for the whole of the Performance Period.

8. Reporting will be produced and sent to Shippers by the 20th day of each month and will highlight to Shippers all Supply Points where the individual Performance Measure has fallen below the Minimum Performance Standard. Notification and backing data containing the individual Supply Points will be sent to the relevant Shipper(s). Summary reporting will also be delivered to the PAC in a timely manner.

9. Affected Shippers will be obliged to change the class of the relevant Supply Points to Class 4 at the earliest opportunity, but in any event the transfers must be completed within 20 calendar days from receipt of the report. The only exceptions to this are any Supply Points where the Class 1 Requirement applies during the Performance Period – including, for the avoidance of doubt, those where the Supply Meter Point is comprised in a Supply Point in respect of which the circumstances set out in the Class 1 Ratchet Charge Guidance Document apply.

10. To allow for faulty meters and problematic sites any Shipper that achieves the Minimum Performance Measure for:

- a) at least 90% of their Class 2 Supply Meter portfolio shall not be required to reclassify any existing Class 2 Supply Meters to Class 4
- b) at least 90% of their Class 3 Supply Meter portfolio shall not be required to reclassify any existing Class 3 Supply Meters to Class 4.

11. The Performance Measure will be solely based on the Performance Period. Any improvement in performance after a Performance Period, but prior to the registration into Class 4, will not be considered and cannot be used as a reason for non-registration into Class 4. Once a Supply Point is determined to have failed the Performance Target for a Performance Period the Supply Point will be required to be reclassified – regardless whether performance subsequent to the Performance Period, but prior to reclassification, improves such that the Supply Point would not have failed the Performance Target in the subsequent Performance Period.

12. If the identified poor performing Supply Points have not been registered and become effective into Class 4 within 20 days of receipt of the reports by Shippers, the CDSP will reclassify these Supply Points to class 4 as soon as is practical. For the avoidance of doubt, any poor performing sites that fail the target will remain in the Performance Contributing Portfolio and will continue to contribute to any subsequent Performance Period measures until they are registered into Class 4

13. Any Supply Points in Classes 2 and 3 transferred to Class 4 due to the failure to meet the minimum Performance Measure at the Supply Meter may not be transferred to Classes 2 and 3 for a minimum Lock-out period, which will initially be set at (3) months, from their transfer into Class 4. This Lock-Out Period will be determined on an annual basis by the PAC. This condition will not apply after a change of Shipper where the new Shipper will be able to change any Class 4 Supply Point into Class 2 or Class 3 in line with normal UNC timescales. This Lock-Out period will not apply to a Supply Point that requires to be re-registered from Class 4 to Class 1.

14. New reports will need to be added to the Performance Assurance Reports Register (PARR) in order to provide Shipper performance in adhering to the criteria specified in this Modification. These are included below.

## Schedule 2A.x – Industry Peer Comparison View

|   |  |
|---|--|
| Report Title  | <b>Sites converted from PC 2/3 to PC4 by the CDSP due to low read submission levels at individual supply points</b>  |
| Report Reference  | 2A.x (reference to be determined following implementation of UNC Modification 0664)  |
| Report Purpose  | To compare Shipper performance in managing their valid meter reading submission for Class 2 and 3 supply points against the minimum submission at supply point level (not against the UNC portfolio level targets), by reporting on the number of sites which the CDSP has converted to Class 4, following failure to meet the minimum requirements at levels over the Performance Period. |
| Expected Interpretation of the report results   | The aim is to understand whether required UNC minimum standards are being met. The report should identify performance across all market participants   |
| Report Structure (actual report headings & description of each heading)                       | Monthly non-cumulative report<br>Peer Comparison Identifier<br>Product Class<br>Count of supply points for which the CDSP has moved to Class 4 during the month<br>Industry Total  |
| Data inputs to the report   | SSC<br>Peer Comparison Identifier<br>Product Class<br>Count of sites converted by the CDSP<br>Excludes Class changes initiated by the Shipper  |
| Number rounding convention  | Whole numbers  |
| History (e.g. report builds month on month)   | A Rolling 12-month view provided monthly   |
| Rules governing treatment of data inputs (actual formula/specification to prepare the report) | Sites are counted if they became live as Class 4 on any date in the calendar month.<br><br>Sites are excluded if the Shipper initiated the Class change, or if the Class change was due to a change of Shipper<br><br>The report is prepared as soon as possible after the end of the calendar   |

|   |   |
|---|---|
|   | month   |
| Frequency of the report                     | Monthly   |
| Sort criteria (alphabetical ascending etc.) | Peer Comparison Identifier alphabetically                           |
| History/background                          | Requirement introduced to support UNC Modification 0664 obligations |
| Additional comments                         |   |
| Estimated development costs                 |   |
| Estimated ongoing costs                     |   |

| Supply Points converted from PC2 or PC3 to PC4 by the CDSP due to low read submission (in accordance with UNC obligations x.x.x) |         |     |             |     |             |     |                   |
|--|---------|-----|-------------|-----|-------------|-----|-------------------|
|  | Month x |     | Month x + 1 |     | Month x + 2 |     | Etc for 12 months |
| Sub-category   | PC2     | PC3 | PC2         | PC3 | PC2         | PC3 |                   |
| Identifier A   | 0       | 0   | 0           | 0   | 0           | 0   |                   |
| Identifier B   | 0       | 0   | 0           | 0   | 00          | 0   |                   |
| etc  |         |     |             |     |             |     |                   |
| Total  | 0       | 0   | 0           | 0   | 00          | 0   |                   |

## Schedule 2B.x – Performance Assurance Committee View

|   |  |
|---|--|
| Report Title  | <b>Sites converted from PC 2/3 to PC4 by the CDSP due to low read submission levels at individual supply points</b>  |
| Report Reference  | 2B.x (reference to be determined following implementation of UNC Modification 0664)  |
| Report Purpose  | To compare Shipper performance in managing their valid meter reading submission for Class 2 and 3 supply points against the minimum submission at supply point level (not against the UNC portfolio level targets), by reporting on the number of sites which the CDSP has converted to Class 4, following failure to meet the minimum requirement levels over the Performance Period, as a count of Supply Points, as a percentage of the Shipper's Supply Points in that Class and as an aggregate Rolling AQ. |
| Expected Interpretation of the report results                           | The aim is to understand whether required UNC minimum standards are being met. The report should identify performance across all market participants   |
| Report Structure (actual report headings & description of each heading) | <p>Monthly non-cumulative report</p> <p>Shipper Short Code</p> <p>Product Class</p> <p>Count of supply points for which the CDSP has moved to Class 4 during the month</p> <p>Percentage of the Shipper's Supply Points in that Class that have been moved each month (as a percentage of their position at the start of the performance month)</p> <p>Aggregate Rolling AQ of the Shipper's Supply Points in that Class that have been moved each month</p> <p>Industry Totals</p>                              |
| Data inputs to the report   | <p>SSC</p> <p>Product Class</p> <p>Count of sites converted by the CDSP</p> <p>Rolling AQ of the Shipper's Supply Points in that Class that have been moved</p> <p>Total count of the Shipper's Supply Points in that Class at the start of the month</p> <p>Excludes Class changes initiated by the Shipper</p>   |
| Number rounding convention  | <p>Whole numbers</p> <p>Percentage figures to 1 decimal place</p>  |
| History (e.g. report builds month on month)                             | A Rolling 12-month view provided monthly   |
| Rules governing treatment of data inputs                                | Sites are counted if they became live as Class 4 on any data in the calendar month.  |

|  |   |
|--|---|
| (actual formula/specification to prepare the report) | Sites are excluded if the Shipper initiated the Class change, or if the Class change was due to a change of Shipper<br><br>The report is prepared as soon as possible after the end of the calendar month |
| Frequency of the report                              | Monthly   |
| Sort criteria (alphabetical ascending etc.)          | Shipper shortcode alphabetically  |
| History/background                                   | Requirement introduced to support UNC Modification 0664 obligations   |
| Additional comments                                  |   |
| Estimated development costs                          |   |
| Estimated ongoing costs                              |   |

| Count of Supply Points converted from <b>Class 2</b> to Class 4 by the CDSP due to low read submission (in accordance with UNC obligations x.x.x) |         |    |             |    |             |    |                   |    |
|---|---------|----|-------------|----|-------------|----|-------------------|----|
|   | Month x |    | Month x + 1 |    | Month x + 2 |    | Etc for 12 months |    |
| Sub-category  | Count   | AQ | Count       | AQ | Count       | AQ | Count             | AQ |
| Shipper A   | 0       | 0  | 0           | 0  | 0           | 0  |                   | 0  |
| Shipper B   | 0       | 0  | 0           | 0  | 00          | 0  |                   | 0  |
| Total   | 0       | 0  | 0           | 0  | 00          | 0  |                   | 0  |

| Percentage of Shipper's Supply Points in <b>Class 2</b> converted to Class 4 by the CDSP due to low read submission (in accordance with UNC obligations x.x.x) |         |             |             |             |             |             |                   |
|--|---------|-------------|-------------|-------------|-------------|-------------|-------------------|
| <b>Class 2</b>   | Month x | Month x + 1 | Month x + 2 | Month x + 3 | Month x + 4 | Month x + 5 | Etc for 12 months |
| Identifier A   | 0.0%    | 0.0%        | 0.0%        | 0.0%        | 0.0%        | 0.0%        | 0.0%              |
| Identifier B   | 0.0%    | 0.0%        | 0.0%        | 0.0%        | 0.0%        | 0.0%        | 0.0%              |
| etc  | 0.0%    | 0.0%        | 0.0%        | 0.0%        | 0.0%        | 0.0%        | 0.0%              |
| Industry Performance   | 0.0%    | 0.0%        | 0.0%        | 0.0%        | 0.0%        | 0.0%        | 0.0%              |

| Count of Supply Points converted from <b>Class 3</b> to Class 4 by the CDSP due to low read submission (in accordance with UNC obligations x.x.x) |         |    |             |    |             |    |                   |    |
|---|---------|----|-------------|----|-------------|----|-------------------|----|
|   | Month x |    | Month x + 1 |    | Month x + 2 |    | Etc for 12 months |    |
| Sub-category  | Count   | AQ | Count       | AQ | Count       | AQ | Count             | AQ |
| Shipper A   | 0       | 0  | 0           | 0  | 0           | 0  |                   | 0  |
| Shipper B   | 0       | 0  | 0           | 0  | 00          | 0  |                   | 0  |
| Total   | 0       | 0  | 0           | 0  | 00          | 0  |                   | 0  |

| Percentage of Shipper's Supply Points in Class 3 converted to Class 4 by the CDSP due to low read submission (in accordance with UNC obligations x.x.x) |         |             |             |             |             |             |                   |
|---|---------|-------------|-------------|-------------|-------------|-------------|-------------------|
| <b>Class 3</b>  | Month x | Month x + 1 | Month x + 2 | Month x + 3 | Month x + 4 | Month x + 5 | Etc for 12 months |
| Identifier A  | 0.0%    | 0.0%        | 0.0%        | 0.0%        | 0.0%        | 0.0%        | 0.0%              |
| Identifier B  | 0.0%    | 0.0%        | 0.0%        | 0.0%        | 0.0%        | 0.0%        | 0.0%              |
| etc   | 0.0%    | 0.0%        | 0.0%        | 0.0%        | 0.0%        | 0.0%        | 0.0%              |
| Industry Performance  | 0.0%    | 0.0%        | 0.0%        | 0.0%        | 0.0%        | 0.0%        | 0.0%              |

## Schedule 2A.y – Industry Peer Comparison View

|   |   |
|---|---|
| Report Title  | <b>Class 2 and 3 Individual Read Performance against the Minimum Percentage Requirement</b>   |
| Report Reference  | 2A.y (reference to be determined following implementation of UNC Modification 0664)   |
| Report Purpose  | To compare Shipper performance in managing their valid meter reading submission for Class 2 and 3 supply points against the Minimum Percentage Requirement at supply point level (not against the UNC portfolio level targets), by reporting on the proportion of the portfolio achieving the applicable Minimum Percentage Requirement, plus the count. (Note that the Minimum Percentage Requirement will be reviewed by PAC each year and therefore may change from time to time). |
| Expected Interpretation of the report results                           | The aim is to understand whether required UNC minimum standards are being met. The report should identify performance across all market participants.   |
| Report Structure (actual report headings & description of each heading) | Monthly non-cumulative report<br>Peer Comparison Identifier<br>Product Class<br>Percentage of the Shipper’s portfolio (by count) which met the Minimum Percentage Requirement each month of the report period<br>Industry Performance Percentage  |
| Data inputs to the report   | SSC<br>Peer Comparison Identifier<br>Product Class<br>Individual meter point read performance (percentage of days for which reads were accepted for the month)<br>Minimum Percentage Requirement  |
| Number rounding convention  | To one decimal place  |
| History (e.g. report builds month on month)                             | A Rolling 12-month view provided monthly  |
| Rules governing treatment of data inputs (actual)                       | Sites are excluded if there was a Shipper transfer or Class change (whether initiated by the Shipper or the CDSP) in the month.   |

|  |   |
|--|---|
| formula/specification to prepare the report) | The report is prepared at least 10 days after the end of the calendar month, and is therefore reported 2 months in arrears. |
| Frequency of the report                      | Monthly   |
| Sort criteria (alphabetical ascending etc.)  | Peer Comparison Identifier alphabetically   |
| History/background                           | Requirement introduced to support UNC Modification 0664 obligations   |
| Additional comments                          |   |
| Estimated development costs                  |   |
| Estimated ongoing costs                      |   |

|   |         |             |             |             |             |             |                   |
|---|---------|-------------|-------------|-------------|-------------|-------------|-------------------|
| Percentage of individual Supply Points where the Minimum Percentage Requirement of [x%] has been achieved by month (by count) |         |             |             |             |             |             |                   |
| <b>Class 2</b>  | Month x | Month x + 1 | Month x + 2 | Month x + 3 | Month x + 4 | Month x + 5 | Etc for 12 months |
| Identifier A  | 0.0%    | 0.0%        | 0.0%        | 0.0%        | 0.0%        | 0.0%        | 0.0%              |
| Identifier B  | 0.0%    | 0.0%        | 0.0%        | 0.0%        | 0.0%        | 0.0%        | 0.0%              |
| etc   | 0.0%    | 0.0%        | 0.0%        | 0.0%        | 0.0%        | 0.0%        | 0.0%              |
| Industry Performance  | 0.0%    | 0.0%        | 0.0%        | 0.0%        | 0.0%        | 0.0%        | 0.0%              |

| Percentage of individual Supply Points where the Minimum Percentage Requirement of [x%] has been achieved by month (by count) |         |             |             |             |             |             |                   |
|---|---------|-------------|-------------|-------------|-------------|-------------|-------------------|
| <b>Class 3</b>  | Month x | Month x + 1 | Month x + 2 | Month x + 3 | Month x + 4 | Month x + 5 | Etc for 12 months |
| Identifier A  | 0.0%    | 0.0%        | 0.0%        | 0.0%        | 0.0%        | 0.0%        | 0.0%              |
| Identifier B  | 0.0%    | 0.0%        | 0.0%        | 0.0%        | 0.0%        | 0.0%        | 0.0%              |
| etc   | 0.0%    | 0.0%        | 0.0%        | 0.0%        | 0.0%        | 0.0%        | 0.0%              |
| Industry Performance  | 0.0%    | 0.0%        | 0.0%        | 0.0%        | 0.0%        | 0.0%        | 0.0%              |

## Schedule 2B.y – Performance Assurance Committee View

|   |   |
|---|---|
| Report Title  | <b>Class 2 and 3 Individual Read Performance against the Minimum Percentage Requirement</b>   |
| Report Reference  | 2B.y (reference to be determined following implementation of UNC Modification 0664)   |
| Report Purpose  | To compare Shipper performance in managing their valid meter reading submission for Class 2 and 3 supply points against the Minimum Percentage Requirement at supply point level (not against the UNC portfolio level targets), by reporting on the proportion of the portfolio achieving the applicable Minimum Percentage Requirement, plus the count and aggregate Rolling AQ of the Supply Points that have not achieved the Minimum Percentage Requirement. (Note that the Minimum Percentage Requirement will be reviewed by PAC each year and therefore may change from time to time). |
| Expected Interpretation of the report results                           | The aim is to understand whether required UNC minimum standards are being met, and quantify the likely risk to Settlement of Supply Points which are falling below the standard. The report should identify performance across all market participants.   |
| Report Structure (actual report headings & description of each heading) | <p>Monthly non-cumulative report</p> <p>Shipper Shortcode</p> <p>Product Class</p> <p>Percentage of the Shipper's portfolio which met the Minimum Percentage Requirement each month of the report period</p> <p>Industry Performance Percentage</p> <p>Count and aggregate Rolling AQ of Supply Points which did not meet the Minimum Percentage Requirement each month of the report period</p>  |
| Data inputs to the report   | <p>SSC</p> <p>Product Class</p> <p>Individual meter point read performance (percentage of days for which reads were accepted for the month)</p> <p>Rolling AQ</p>   |
| Number rounding convention  | <p>Percentages to one decimal place</p> <p>Whole numbers of Supply Points</p> <p>Aggregate Rolling AQ (kWh)</p>   |
| History (e.g. report builds month on month)                             | A Rolling 12-month view provided monthly  |

|   |  |
|---|--|
| Rules governing treatment of data inputs (actual formula/specification to prepare the report) | Sites are excluded if there was a Shipper transfer or Class change (whether initiated by the Shipper or the CDSP) in the month.<br><br>The report is prepared at least 10 days after the end of the calendar month, and is therefore reported 2 months in arrears. |
| Frequency of the report   | Monthly  |
| Sort criteria (alphabetical ascending etc.)   | Shipper Shortcode alphabetically   |
| History/background  | Requirement introduced to support UNC Modification 0664 obligations  |
| Additional comments   |  |
| Estimated development costs   |  |
| Estimated ongoing costs   |  |

| Percentage of individual Supply Points where the Minimum Percentage Requirement of [x%] has been achieved by month |         |             |             |             |             |             |                   |
|--|---------|-------------|-------------|-------------|-------------|-------------|-------------------|
| Class 2  | Month x | Month x + 1 | Month x + 2 | Month x + 3 | Month x + 4 | Month x + 5 | Etc for 12 months |
| Shipper A  | 0.0%    | 0.0%        | 0.0%        | 0.0%        | 0.0%        | 0.0%        | 0.0%              |
| Shipper B  | 0.0%    | 0.0%        | 0.0%        | 0.0%        | 0.0%        | 0.0%        | 0.0%              |
| etc  | 0.0%    | 0.0%        | 0.0%        | 0.0%        | 0.0%        | 0.0%        | 0.0%              |
| Industry Performance   | 0.0%    | 0.0%        | 0.0%        | 0.0%        | 0.0%        | 0.0%        | 0.0%              |

| Percentage of individual Supply Points where the Minimum Percentage Requirement has been achieved by month |         |             |             |             |             |             |                   |
|--|---------|-------------|-------------|-------------|-------------|-------------|-------------------|
| Class 3  | Month x | Month x + 1 | Month x + 2 | Month x + 3 | Month x + 4 | Month x + 5 | Etc for 12 months |
| Shipper A  | 0.0%    | 0.0%        | 0.0%        | 0.0%        | 0.0%        | 0.0%        | 0.0%              |
| Shipper B  | 0.0%    | 0.0%        | 0.0%        | 0.0%        | 0.0%        | 0.0%        | 0.0%              |
| etc  | 0.0%    | 0.0%        | 0.0%        | 0.0%        | 0.0%        | 0.0%        | 0.0%              |
| Industry Performance   | 0.0%    | 0.0%        | 0.0%        | 0.0%        | 0.0%        | 0.0%        | 0.0%              |

| Count and aggregate Rolling AQ of Supply Points where the Minimum Percentage Requirement of [x%] has <b>not</b> been achieved by month |         |        |             |        |             |        |                   |        |
|--|---------|--------|-------------|--------|-------------|--------|-------------------|--------|
| Class 2  | Month x |        | Month x + 1 |        | Month x + 2 |        | Etc for 12 months |        |
|  | Count   | AQ     | Count       | AQ     | Count       | AQ     | Count             | AQ     |
| Shipper A  | 0       | 00,000 | 0           | 00,000 | 0           | 00,000 | 0                 | 00,000 |
| Shipper B  | 0       | 00,000 | 0           | 00,000 | 0           | 00,000 | 0                 | 00,000 |
| etc  | 0       | 00,000 | 0           | 00,000 | 0           | 00,000 | 0                 | 00,000 |
| Industry Totals  | 0       | 00,000 | 0           | 00,000 | 0           | 00,000 | 0                 | 00,000 |

| Count and aggregate Rolling AQ of Supply Points where the Minimum Percentage Requirement of [x%] has <b>not</b> been achieved by month |         |        |             |        |             |        |                   |        |
|--|---------|--------|-------------|--------|-------------|--------|-------------------|--------|
| Class 3  | Month x |        | Month x + 1 |        | Month x + 2 |        | Etc for 12 months |        |
|  | Count   | AQ     | Count       | AQ     | Count       | AQ     | Count             | AQ     |
| Shipper A  | 0       | 00,000 | 0           | 00,000 | 0           | 00,000 | 0                 | 00,000 |
| Shipper B  | 0       | 00,000 | 0           | 00,000 | 0           | 00,000 | 0                 | 00,000 |
| etc  | 0       | 00,000 | 0           | 00,000 | 0           | 00,000 | 0                 | 00,000 |
| Industry Totals  | 0       | 00,000 | 0           | 00,000 | 0           | 00,000 | 0                 | 00,000 |

## 5 Impacts & Other Considerations

### Does this modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

None identified.

### Consumer Impacts

Workgroup Participants noted that the ambition for this Modification is to encourage more meter reading and therefore more accurate AQs and more timely reconciliation, greater settlement accuracy and faster achievement of final UIG. It should also be noted that this is aiming to be a cost neutral Modification and will more correctly balance the spread of UIG and there will be no overall effect on gas volumes (no gas will be saved).

#### Consumer Impact Assessment

*(Workgroup assessment of proposer initial view or subsequent information)*

##### Criteria

##### Extent of Impact

Which Consumer groups are affected?

- Domestic Consumers
- Small non-domestic Consumers
- Large non-domestic Consumers
- (No effect on Class 1)

|   |  |
|---|--|
| <p>What costs or benefits will pass through to them?</p>                                      | <p>It should be noted that settlement classes do not necessarily correlate to customer products (in that settlement read submission does not necessarily impact the type of product offered to the customer by a supplier). If this were to be the case, non-submission of meter reads could potentially be detrimental to the customer – this Modification seeks to ensure that Shippers are able to appropriately manage the expected performance levels before moving Supply Points into these settlement classes.</p> <p>Workgroup Participants concluded that the costs to Shippers will change (relating to UIG charges). This may have knock on effect to the cost pass through to customers, noting that it is for the Shippers and Suppliers to decide how to handle this change.</p> |
| <p>When will these costs/benefits impact upon consumers?</p>                                  | <p>Dependent on Shippers and Suppliers, noting that there is a delay due to the 3 month performance period plus the 20 days.</p>   |
| <p>Are there any other Consumer Impacts?</p>  | <p>None identified.</p>  |
| <p><b>General Market Assumptions as at December 2016 (to underpin the Costs analysis)</b></p> |  |
| <p><i>Number of Domestic consumers</i></p>  | <p><i>21 million</i></p>   |
| <p><i>Number of non-domestic consumers &lt;73,200 kWh/annum</i></p>                           | <p><i>500,000</i></p>  |
| <p><i>Number of consumers between 73,200 and 732,000 kWh/annum</i></p>                        | <p><i>250,000</i></p>  |
| <p><i>Number of very large consumers &gt;732,000 kWh/annum</i></p>                            | <p><i>26,000</i></p>   |

### Cross Code Impacts

Workgroup Participants heard confirmation from the Proposer that IGT supply meter points will be treated the same as all other meter points, thus there is no need for a specific IGT Modification as the IGT-UNC points to the UNC at a high enough level. It is believed that a notification will go out to IGT Parties upon implementation of this Modification.

### EU Code Impacts

None identified.

### Central Systems Impacts

There should be limited central systems impacts in relation to required class changes as the CDSP already has the facility to move sites in bulk across settlement classes (if needed). Some change may be needed in relation to the proposed charging mechanism and the establishment of reporting for the CDSP, PAC and PAFA.

Workgroup Participants noted the ROM response XRN5044 where the cost is described thus:

*An enduring solution will cost at least £140k, but probably not more than £ 220k to implement. This does not include any costs for Market Trials.*

DSC Change Management Committee will consider this further and decide whether a manual workaround or a bulk transfer type solution is best. Workgroup Participants noted that provision of the PARR reports could be considered separately to the technical solution.

### Workgroup Impact Assessment of Legal Text

Workgroup Participants noted that the Legal Text has used the wording Individual Valid Meter Reading Requirement and Aggregate Valid Meter Reading Requirement, where the Modification uses the phrase Minimum Percentage Requirement and Minimum Performance Measure.

Workgroup Participants noted that the clarification in Business Rule 4 that there is no weighting in terms of length of month is not specifically called out in the Legal Text and Workgroup are happy that this meets the intent of the solution.

## 6 Relevant Objectives

| Relevant Objective   | Identified impact |
|--|-------------------|
| a) Efficient and economic operation of the pipe-line system.   | None              |
| b) Coordinated, efficient and economic operation of<br>(i) the combined pipe-line system, and/ or<br>(ii) the pipe-line system of one or more other relevant gas transporters.   | None              |
| c) Efficient discharge of the licensee's obligations.  | None              |
| d) Securing of effective competition:<br>(i) between relevant shippers;<br>(ii) between relevant suppliers; and/or<br>(iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers. | <b>Positive</b>   |
| e) Provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards... are satisfied as respects the availability of gas to their domestic customers.   | None              |
| f) Promotion of efficiency in the implementation and administration of the Code.   | None              |
| g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.   | None              |

This Modification proposes additional incentives to ensure timely submission of Valid Meter Readings for the relevant classes to be used for settlement purposes and to increase the accuracy of UIG. As such, more accurate and frequent read submission data in central systems should lead to more accurate cost allocation and so, therefore, furthering competition and relevant objective d).

Workgroup Participants concurred with the Proposer’s assessment in relation to relevant objective d).

## 7 Implementation

No implementation timescales are proposed at present. Further assessment relating to implementation will be discussed at DSC Change Management Committee.

## 8 Legal Text

Legal Text has been provided by Cadent Gas and is included below. The Workgroup has considered the Legal Text and is satisfied that it meets the intent of the Solution.

### EXPLANATORY TABLE

#### MODIFICATION 0664

#### TRANSFER OF SITES WITH LOW VALID METER READING SUBMISSION PERFORMANCE FROM CLASSES 2 AND 3 INTO CLASS 4

| Reference                                | Explanation  |
|--|--|
| <b>Transportation Principal Document</b> |  |
| <b>Section M – Supply Point Metering</b> |  |
| 5.7                                      | New paragraph headed 'Performance Assurance: Class 2 and 3 Supply Meter Points'.   |
| 5.17.1                                   | New definitions: <ul style="list-style-type: none"> <li>- Aggregate Valid Meter Reading Requirement; the requirement a User secure the Minimum VMR Requirement for not less than 90% of Class 2 and 3 Supply Meter Points in a Performance Period;</li> <li>- Individual Valid Meter Reading Requirement; requirement a User secure a Valid Meter Reading is obtained for Class 2 and 3 Supply Meter Points for 25% of days in a Performance Period;</li> <li>- Performance Period: a period of one or more calendar months as determined by the PAC;</li> </ul> |

|        |  |
|--------|--|
|        | <ul style="list-style-type: none"> <li>- Lock-out Period; a period as determined by the PAC during which the Registered User may not re-classify a Supply Meter Point which has been reclassified as Class 4 following the Registered User's failure to achieve the Aggregate Valid Meter Reading Requirement for a Performance Period</li> <li>- Relevant Class 2 and Class 3 Meter Points; in relation to a User and a calendar month, are relevant Supply Meter Points with the appropriate class where the User was the Registered User for all days in the calendar month.</li> </ul> |
| 5.17.2 | <p>PAC to notify Users and the CDSP annually of the Applicable Percentage for Class 2 and 3 Supply Meters for the following Gas Year for the purposes of both the Aggregate Valid Meter Reading Requirement and the Individual Valid Meter Reading Requirement definitions, i.e. what will initially be 90% and 25% respectively for both Class 2 and 3 (though they may diverge if the PAC so determine).</p> <p>PAFA also to notify Users annually of the duration (in calendar months) of each Performance Period and the Lock-out Period in the following Gas Year.</p>                |
| 5.17.3 | <p>The requirement that a User secure that for each of Class 2 and 3 the User secure satisfaction of the Aggregate Valid Meter Reading Requirement and the Individual Meter Reading Requirement.</p>   |
| 5.17.4 | <p>CDSP to notify User of their performance, and where the Aggregate Valid Meter Reading Requirement is failed the CDSP will identify those sites at which the Individual meter Reading Requirement was not satisfied, i.e. a Failed Supply Meter Point.</p>   |
| 5.17.5 | <p>Following notification by the CDSP that a site is a Failed Supply Meter Point the Registered User will take steps by way of a Supply Point Amendment to have the Failed Supply Meter Point reclassified as a Class 4 Supply Meter Point. The re-classification should be effective within 20 days of the CDSP's notification the site is a Failed Supply meter Point, failing which the CDSP will effect the re-classification to Class 4.</p>  |
| 5.17.6 | <p>The re-classification rule will however not apply in relation to the Failed Supply Meter Point the Class 1 Read Requirement applies at anytime during the Performance Period in respect of which the site was a</p>   |

|                            |  |
|----------------------------|--|
|                            | Failed Supply Meter Point.   |
| 5.17.7                     | This prohibits a User re-classifying a site as Class 2 or 3 following its re-classification as Class 4 under paragraph 5.17.5 prior to the end of the Lock-out Period.   |
| 5.17.8                     | In relation to a Performance Period which straddles different Gas Years, where different Applicable Percentages apply to calendar months in each year the Aggregate VMR Requirement and the Minimum VMR Requirement calculation for the Performance Period will use the lower Applicable Percentage for all calendar months in the Performance Period regardless of which year in which the month falls. |
| 5.17.9                     | To address sites which move between Class 2 and 3 in a Performance Period but which remain registered with the same User; the site will be deemed to be in the Class with the lower Applicable Percentage, or where the same, the Class applying following the change in Class.  |
| <b>Transition Document</b> |  |
| <b>Part IIC</b>            |  |
| 1.3.7                      | Opening values for each Applicable Percentage, and for the duration of the Performance Period and Lock-out Period.   |

**MODIFICATION 0664**

**TRANSFER OF SITES WITH LOW VALID METER READING SUBMISSION PERFORMANCE FROM CLASSES 2 AND 3 INTO CLASS 4**

Proposed legal text

**TRANSPORTATION PRINCIPAL DOCUMENT**

**SECTION M – SUPPLY POINT METERING**

*Add new paragraph 5.17 to read as follows:*

**5.17 Performance Assurance: Class 2 and 3 Supply Meter Points**

5.17.1 For the purposes of this paragraph 5.17:

- (a) "**Aggregate Valid Meter Reading Requirement**" is the requirement, in respect of each Class of Relevant Supply Meter Point, that a User secure the Individual Valid Meter Reading Requirement is satisfied for not less than the Applicable Percentage of the User's Relevant Supply Meter Points in a Performance Period;
- (b) "**Individual Valid Meter Reading Requirement**" is the requirement, in respect of a Relevant Supply Meter Point, that a User secure a Valid Meter Reading is obtained for the Relevant Supply Meter Point for not less than the Applicable Percentage of Days in a Performance Period;
- (c) "**Lock-out Period**" means in relation to a Failed Supply Meter Point the period determined as such by the PAC (commencing on the date the Failed Supply Meter Point is re-classified in accordance with paragraph 5.17.5) and notified to Users in accordance with paragraph 5.17.2;
- (d) "**Performance Period**" means the period determined as such by the PAC (commencing on the first day of a calendar month and comprising one or more consecutive calendar months) and notified to Users in accordance with paragraph 5.17.2;
- (e) in relation to a User and a calendar month:
  - (i) a "**Relevant Class 2 Supply Meter Point**" is a Supply Meter Point comprised in a Class 2 Supply Point in respect of which the User was the Registered User of the Supply Point for all days in the calendar month;
  - (ii) a "**Relevant Class 3 Supply Meter Point**" is a Supply Meter Point comprised in a Class 3 Supply Point in respect of which the User was the Registered User of the Supply Point for all days in the calendar month;
  - (iii) a "**Relevant Supply Meter Point**" is a Relevant Class 2 Supply Meter Point or (as the case may be for the purposes of this paragraph 5.17) a Relevant Class 3 Supply Meter Point.

5.17.2 The Performance Assurance Committee will in respect of a Gas Year notify Users and the CDSP by no later than 31 August in the Preceding Year of:

- (a) the applicable percentage (an "**Applicable Percentage**") which shall apply in relation to each Class of Relevant Supply Meter Point for the purposes of determining if a User has satisfied the Aggregate Valid Meter Reading Requirement and the Individual Valid Meter Reading Requirement in a Performance Period in respect of each Class of Relevant Supply Meter Point;
- (b) the number of calendar months in each Performance Period commencing from the first calendar month of the Gas Year; and
- (c) the duration of the Lock-out Period in relation to a Supply Meter Point which is identified as a Failed Supply Meter Point during the Gas Year.

5.17.3 Each User shall secure that in respect of each Class of Relevant Supply Meter Point and a Performance Period:

- (a) the Aggregate Valid Meter Reading Requirement is satisfied in relation to the User's Relevant Supply Meter Points; and
- (b) the Individual Valid Meter Reading Requirement is satisfied in relation to each of the User's Relevant Supply Meter Points.

- 5.17.4 The CDSP will notify each User by no later than twentieth (20<sup>th</sup>) day of the calendar month following the end of a Performance Period, and in respect of each Class of Relevant Supply Meter Point:
- (a) if the User has failed to satisfy the Aggregate Valid Meter Reading Requirement; and
  - (b) if so, the identity of those Relevant Supply Meter Points in respect of which the User has failed to satisfy the Individual Valid Meter Reading Requirement (each a "**Failed Supply Meter Point**").

and paragraph 5.17.5 shall apply in respect of each Failed Supply Meter Point.

- 5.17.5 Where this paragraph applies, and subject to paragraph 5.17.6, the User shall submit, as soon as reasonably practicable, a Supply Point Amendment to change the Class of the Failed Supply Meter Point to a Class 4 Supply Meter Point with an effective date no later than twenty (20) days following the CDSP's notification under paragraph 5.17.4 (failing which the CDSP shall as soon as reasonably practicable thereafter revise the Supply Point Register such that the Failed Supply Meter Point is re-classified as a Class 4 Supply Meter Point).
- 5.17.6 Paragraph 5.17.5 shall not apply in relation to a Failed Supply Meter Point if on any Day during the relevant Performance Period the Class 1 Requirement applies in relation to the Failed Supply Meter Point.
- 5.17.7 Following the change of Class of a Failed Supply Meter Point in accordance with paragraph 5.17.5 the User who was the Registered User of the Failed Supply Meter Point during the relevant Performance Period shall not be permitted to change the Class of the Failed Supply Meter Point to Class 2 or Class 3 prior to the expiry of the Lock-out Period.
- 5.17.8 Where an Applicable Percentage for a Gas Year is different from the equivalent Applicable Percentage for the Preceding Year the lower Applicable Percentage shall be treated as applying in respect of each Performance Period which includes a calendar month falling in both the Gas Year and the Preceding Year.
- 5.17.9 Where a User changes the Class of a Relevant Supply Meter Point from Class 2 to Class 3, or vice versa, and the User continues as the Registered User of the Supply Point in which the Supply Meter Point is comprised for all days in a Performance Period, the Supply Meter Point shall be deemed for the purposes of this paragraph 5.17 to be a Relevant Supply Meter Point falling in:
- (a) the Class with the lowest Applicable Percentage applying in respect of the Individual Valid Meter Reading Requirement in relation to the calendar month in which the change of classification was effective;
  - (b) where the Applicable Percentages referred to paragraph (a) are the same, the Class of the Supply Meter Point following the change in classification.

## **TRANSITION DOCUMENT**

### **PART IIC**

*Add new paragraph 1.3.7 to read as follows:*

#### **1.3.7 TPD Section M5.17**

For the purposes of TPD Section M5.17 and for the Gas Year in which the Code Modification referred to as Modification 0664 is implemented and effective from:

- (c) in relation to the both Relevant Class 2 Supply Meter Points and Relevant Class 3 Supply Meter Points:
  - (i) the Applicable Percentage in relation to the Aggregate Valid Meter Requirement is ninety per cent (90%);
  - (ii) the Applicable Percentage in relation to the Minimum Valid Meter Reading Requirement is twenty-five per cent (25%);
- (d) the Performance Period is a period of three (3) calendar months, and the first Performance Period shall commence on the first day of the calendar month following implementation of and the effective date of the Code Modification referred to as Modification 0664; and
- (e) the Lock-out Period is a period of three (3) months.

## 9 Recommendations

### Workgroup's Recommendation to Panel

The Workgroup asks Panel to agree that:

- This Authority Direction modification should proceed to consultation.