














UNC Workgroup Report	At what stage is this document in the process?
<h1>UNC 0681S:</h1> <h2>Improvements to the quality of the Conversion Factor values held on the Supply Point Register</h2>	<div style="display: flex; flex-direction: column; gap: 5px;"> <div style="border: 1px solid #ccc; padding: 5px; width: 100px; display: flex; justify-content: space-between;">01Modification</div> <div style="border: 1px solid #ccc; padding: 5px; width: 100px; display: flex; justify-content: space-between;">02Workgroup Report</div> <div style="border: 1px solid #ccc; padding: 5px; width: 100px; display: flex; justify-content: space-between;">03Draft Modification Report</div> <div style="border: 1px solid #ccc; padding: 5px; width: 100px; display: flex; justify-content: space-between;">04Final Modification Report</div> </div>
<p>Purpose of Modification:</p> <p>The purpose of this Modification is to improve the quality of the Conversion Factor data item on the Supply Point Register, which will in turn improve the accuracy of measured energy and therefore AQs.</p>	
	<p>The Workgroup recommends that this modification should be:</p> <ul style="list-style-type: none"> subject to self-governance <p>The Panel will consider this Workgroup Report on 20 June 2019. The Panel will consider the recommendations and determine the appropriate next steps.</p>
	<p>High Impact: None</p>
	<p>Medium Impact: Gas Shippers and CDSP</p>
	<p>Low Impact: Gas Transporters (Large, Small and IGTs)</p>

Contents		 Any questions?
1	Summary	3
2	Governance	3
3	Why Change?	4
4	Code Specific Matters	4
5	Solution	5
6	Impacts & Other Considerations	5
7	Relevant Objectives	Error! Bookmark not defined.
8	Implementation	7
9	Legal Text	8
10	Recommendations	8
Timetable		 0121 288 2107
Modification timetable:		Proposer: Kirsty Dudley EON UK
Initial consideration by Workgroup	28 March 2019	 kirst.dudley@eonenergy.com
Amended Modification considered by Workgroup	21 May 2019	 07816 172645
Workgroup Report presented to Panel	20 June 2019	Transporter: Guv Dosanjh Cadent
Draft Modification Report issued for consultation	21 June 2019	 Gurvinder.Dosanjh@cadentgas.com
Consultation Close-out for representations	11 July 2019	 07773 151 572
Final Modification Report available for Panel	08 August 2019	Systems Provider: Xoserve
Modification Panel decision	15 August 2019	 UKLink@xoserve.com
		Other: Fiona Cottam
		 fiona.cottam@xoserve.com
		 telephone

1 Summary

What

This Modification proposes that the CDSP should assist in improving data quality by making updates to the conversion factor data item on the Supply Point Register, in certain circumstances (and advising the relevant Shipper of any updates).

Why

The Unidentified Gas (UIG) Task Force (as established by [UNC Modification 0658](#)) has determined that incorrect conversion factors could be contributing to daily levels of UIG, due to incorrect data being used in energy calculations, and as a result, incorrect daily energy allocations due to incorrect AQs. The Task Force assessment of UIG equivalent to 0.1% of total LDZ throughput is an estimate, as the more accurate conversion factors were not available for the calculations.

How

This Modification proposes that the CDSP should be given the authority to make changes to the conversion factor in the following circumstances only:

- a) where the AQ of a meter point falls to 732,000 kWh or lower, the conversion factor should be updated to the default of the standard value of 1.02264, as specified in the Gas (Calculation of Thermal Energy) Regulations, with effect from the effective date of the new AQ.
- b) where the AQ of a meter point increases above 732,000 kWh, the conversion factor should be set to the last non-standard factor held on the Supply Point Register (if one is available) with effect from the effective date of the new AQ.

[is this Modification testing compliance with the Thermal Energy Regulations?

Should a report be provided to PAC and or the Authority advising of the actions undertaken by the CDSP?]

2 Governance

Justification for Self-Governance, Authority Direction or Urgency

The Modification Panel determined that this Modification is suitable for self-governance procedures, on the basis that it is a minor change to industry governance and processes and seeks to bring in new processes to ensure that end consumers have valid conversion factors only by creating a safety net in the CDSP processes. Consumers at sites with AQs on or below the 732,000kWh threshold should already be billed using the standard conversion factor. This change would help to bring Shipper allocations and measurements into line with their Supplier's end consumer billing.

Sites with AQs above the threshold should be billed using a site-specific factor already. Only sites where there is already a non-standard factor on file would have the data item changed automatically. The non-standard factor would have been previously provided by a Shipper.

This change does not propose that the CDSP undertakes or requests any assessment of new non-standard conversion factors or organises any site visits, therefore there would be no disturbance or inconvenience to the end consumer.

Requested Next Steps

This Modification should:

- be considered a non-material change and subject to self-governance
- proceed to Consultation

The Workgroup recommends that this Modification should be considered as suitable for self-governance and be issued to consultation.

3 Why Change?

The current arrangements whereby the conversion factor can only be updated by the Shipper have resulted in a number of sites having inappropriate values. As at late 2018 the Supply Point Register showed:

- a) c. 5,000 sites (around 15% of eligible sites) above the threshold which still had the standard conversion factor, whereas they should have their own site-specific value. This could be understating the annual consumption of these sites by a net 7.4% and contributing around 0.1% of total LDZ throughput to UIG
- b) c. 10,000 sites (out of 24 million) on or below the threshold that have a non-standard conversion factor, whereas the standard value of 1.02264 should always apply to those sites. On average the annual usage of these sites is being overstated by around 3.8%, due to the use of an incorrect conversion factor, and therefore slightly reducing UIG by the equivalent of 0.01% of total LDZ throughput

Each Shipper receives a count of their scenario a) sites in their monthly Shipper Performance Pack from the CDSP, and the statistics are also published as part of the monthly Performance Assurance Reports. However as at late 2018 there were still around 15% of eligible sites without a site-specific conversion factor.

In 2017 comms 1782.1 which had options for UKLP CR065 – Correction Factor Application was withdrawn by the CDSP because at that time Shippers (via the Solution Development Group) felt that correction factors should be updated by the Supplier/Shipper, the analytics in 2018 have shown that the volumes have not reduced.

Another consideration is SPAA Change Proposal (SCP) 459 - Identification of Meters with Conversion Capability within Market Domain Data, this may need to be considered as part of solution development.

The UIG Task Force has identified that these sites could be contributing to around 0.1% of total LDZ daily throughput to UIG, and that this is not corrected by subsequent meter point reconciliation.

More proactive measures are required to address these inconsistencies, wherever possible. As the general premise of UNC is that Shippers are responsible for data quality, a UNC Code Mod is required to give the CDSP authority to change this data item.

This solution is to act as a safety net to ensure conversion factors are as accurate as possible. It is preferred that Suppliers/Shippers utilise the Shipper Packs and update these values themselves rather than the CDSP conducting this exercise.

4 Code Specific Matters

Reference Documents

UIG Task Force findings:

<https://www.xoserve.com/media/1954/task-force-findings-item-121123.pdf>

The Gas (Calculation of Thermal Energy) Regulations 1996

<http://www.legislation.gov.uk/uksi/1996/439/regulation/2/made>

Knowledge/Skills

An understanding of energy calculation, reconciliation and AQ would be helpful.

5 Solution

This Modification proposes for the CDSP to be granted permissions to proactively allocate a valid conversion factor to a meter point.

The CDSP should be granted the permission to make changes to the conversion factor in the following circumstances – in scenarios not named the CDSP is to ensure the meter points are included in the Shipper Packs for individual review:

- a) where the AQ of a meter point falls to 732,000 kWh or lower, the conversion factor should be updated to the standard value of 1.02264, as specified in the Gas (Calculation of Thermal Energy) Regulations, from the effective date of the new AQ.
- b) where the AQ of a meter point increases above 732,000 kWh, the conversion factor should be set to the last non-standard factor held on the Supply Point Register (if one is available) with effect from the effective date of the new AQ.

The amendments would be delivered in two parts

- 1) updating of meter points already identified, these will be completed a minimum of 30 Supply Point Systems Business Days after modification implementation by the CDSP. This is to allow Shippers/Suppliers to update the values themselves.
- 2) updating of meter points identified on an enduring basis, these will be completed a minimum of 30 Supply Point Systems Business Days after notification via the Shipper Packs e.g. M+1, this allows time for Shippers to proactively update and if they remain then the CDSP will update them.

Notifications will be issued by the CDSP confirming updates and values allocated by the updates in parts a) and b) so Shippers are directly aware which meter points have been updated.

6 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

This change does not propose that the CDSP undertakes or organises any site visits, therefore there would be no disturbance or inconvenience to the end consumer.

[would changes to conversion factors have an indirect consequence on some individual customers bills, while also having and impacts on the settlement and therefore correct apportionment of costs?]

Consumer Impact Assessment	
Criteria	Extent of Impact
Which Consumer groups are affected?	<ul style="list-style-type: none"> • Domestic Consumers • Small non-domestic Consumers • Large non-domestic Consumers • Very Large Consumers
What costs or benefits will pass through to them?	<p><i>Please explain what costs will ultimately flow through to each Consumer group. If no costs pass through to Consumers, please explain why. Use the General Market Assumptions approved by Panel to express as 'cost per consumer'.</i></p> <p>Insert text here</p>
When will these costs/benefits impact upon consumers?	<p><i>Unless this is 'immediately on implementation', please explain any deferred impact.</i></p> <p>Insert text here</p>
Are there any other Consumer Impacts?	<p><i>Prompts:</i></p> <p><i>Are there any impacts on switching?</i></p> <p><i>Is the provision of information affected?</i></p> <p><i>Are Product Classes affected?</i></p> <p>Insert text here</p>

Cross Code Impacts

A similar Modification may be required to IGT UNC. It is not anticipated a SPAA change would be required but we welcome feedback from the Suppliers or the CACoP.

SCP 459 may influence the solution depending on how the change progresses.

EU Code Impacts

None identified.

Central Systems Impacts

CDSP systems will need to be changed to identify sites in both scenarios, to apply the required changes, and to notify the relevant Shipper of the changes that have been made. A DSC Change Proposal has been raised to be developed in conjunction with this Modification.

Workgroup Impact Assessment

Insert text here

Rough Order of Magnitude (ROM) Assessment *(Cost estimate from CDSP)*

Cost estimate from CDSP where the Modification relates to a change to a CDSP Service Document

Insert text here

OR

Rough Order of Magnitude (ROM) Assessment *(Workgroup assessment of costs)*

Cost estimate from CDSP	Insert text here
Insert Subheading here	Insert text here

7 Relevant Objectives

Impact of the modification on the Relevant Objectives:	
Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	None
b) Coordinated, efficient and economic operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters.	Positive
c) Efficient discharge of the licensee's obligations.	None
d) Securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers.	Positive
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

b) what is the benefit to this RO?

d) More accurate gas allocation and reconciliation should promote competition by helping to reduce the unexplained levels of Unidentified Gas (UIG) and improving cost targeting, therefore further competition and Relevant Objective d) .

8 Implementation

As self-governance procedures are proposed, implementation could be sixteen business days after a Modification Panel decision to implement, subject to no Appeal being raised.

There are two parts to implementation:

Part 1

Enduring implementation – this will be linked to the DSC Change Proposal and a date approved by the DSC Change Management Committee and will align to the IGT UNC Modification.

Part 2

One off exercise to update any Meter Points which have not been proactively updated by Shipper/Suppliers. This will be conducted no earlier than 30 Supply Point Systems Business Days after implementation and no later than 60 Supply Point Systems Business Days after implementation.

9 Legal Text

Legal Text has been provided by Cadent and is [included below/published alongside this report]. The Workgroup has considered the Legal Text and is satisfied that it meets the intent of the Solution.

Text Commentary

Insert text here

Text

Insert text here

10 Recommendations

Workgroup's Recommendation to Panel

The Workgroup asks Panel to agree that:

- This self-governance modification should proceed to consultation.
- This proposal requires further assessment and should be returned to Workgroup.