

**UNC Workgroup 0664 Minutes
Transfer of Sites with Low Read Submission Performance from
Class 2 and 3 into Class 4**

Tuesday 16 June 2020

Via Teleconference

Attendees

Lorraine O'Shaughnessy (Chair)	(LOS)	Joint Office
Karen Visgarda (Secretary)	(KV)	Joint Office
Andy Clasper	(AC)	Cadent
Carl Whitehouse	(CW)	Shell UK
David Mitchell	(DM)	SGN
Ellie Rogers	(ER)	Xoserve
Fiona Cottam	(FC)	Xoserve
Kirsty Dudley	(KD)	E.ON
Lorna Lewin	(LL)	Orsted
Luke Reeves	(LR)	EDF Energy
Mark Jones	(MJ)	SSE
Mark Palmer	(MP)	Orsted
Phil Lucas	(PL)	National Grid
Rhys Kealley	(RK)	British Gas
Rose Kimber	(RKi)	CNG
Sallyann Blackett	(SB)	E.ON
Steven Britton	(SBr)	Cornwall Insight
Steve Walker	(SW)	PFP Energy

Apologies

Louise Hellyer (LH) (Total Gas & Power)

**via teleconference*

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0664/160620>

The Workgroup Report is due to be presented at the UNC Modification Panel by 20 August 2020.

1. Introduction and Status Review

Lorraine O'Shaughnessy (LOS) welcomed everyone to the meeting and explained that this Modification had gone to the February 2020 Panel and then out for Consultation. The Panel had reviewed the Final Modification Report at the April 2020 Panel meeting and the Panel requested that this should go back to Workgroup for further consideration addressing the 3 questions raised which are detailed below (Item 3)

1.1. Approval of Minutes (19 May 2020)

The minutes from the previous meeting were approved.

1.2. Approval of Late Papers

There were no later papers submitted.

2. Review of Outstanding Actions

Action 0401: SSE (MJ) to investigate the costs and benefits of allocated gas in order to provide further clarity.

Update: MJ said this action could now be closed as the information had been provided. **Closed.**

Action 0402: All to provide a view on operation processes and the potential impacts, to also include impacts in relation to remote meter readings and to send these to Mark Jones directly; Mark Jones mark.jones@sse.com

Update: MJ said he had not received any responses on any impacts identified and so this action could now be closed, any further discussions would be captured during the development of the Supplemental Report **Closed**

Action 0403: SSE (MJ) to ask PAC to confirm the Supplier/Shipper agreed performance level requirements.

Update: MJ explained that PAC had now confirmed the Supplier/Shipper agreed performance level requirements and so this action could now be closed. **Closed.**

Action 0501: SSE (MJ) to produce a presentation detailing the costs of allocated gas for the gas year 2020/21 with scenarios, and all to feedback comments directly to Mark Jones (mark.jones@sse.com)

Update: MJ said this action could now be closed as the presentation had been produced and shared with the Workgroup. **Closed**

Action 0502: Joint Office (LOS) to include references to the Smart Meter Technology within the Supplemental Report.

Update: LOS confirmed that these references had now been included in the Supplemental Report and so the action could be closed. **Closed**

Action 0503: SSE (MJ) to investigate the lockout of class 2 & 3 with the CDSP.

Update: MJ said he had now had conversations with the CDSP in relation to the lockout area and this had been included Supplemental Report, and so this action could now be closed. **Closed**

3. Review of Costs and Benefits Methodology

LOS provided some background and context to the production of the Supplemental Report and reiterated the first original question that had been raised by the April Panel in relation to the costs and benefits as detailed below.

1. *The costs and benefits have not been demonstrated, these should be reviewed and might have an associated impact on the Rough Order of Magnitude (ROM) or delivery of the change;*

LOS advised that Mark Jones had provided the analysis as requested and that this is incorporated in the Supplemental Report and that LOS and MJ had reviewed the draft of the Supplemental Report in preparation for the meeting in draft format. (MJ) explained that he had made certain assumptions, adding that he welcomed any further comments and feedback.

SSE Analysis of Costs and Benefits

Table of Unidentified Gas Weighting Factors for Gas Year 2020/21

Supply Meter Point Classification	Class 1	Class 2	Class 3	Class 4
EUC Band 1	0.22	5.28	45.30	120.98
EUC Band 2	0.22	5.28	13.68	117.79
EUC Band 3	0.22	4.93	9.17	15.29
EUC Band 4	0.22	3.87	9.17	11.76
EUC Band 5	0.22	2.47	8.56	8.04
EUC Band 6	0.22	1.13	6.30	4.79
EUC Band 7	0.22	0.33	5.14	2.47
EUC Band 8	0.22	0.22	0.42	1.55
EUC Band 9	0.22	0.22	0.22	0.22

Assumptions

UIG of 4% which equates to a 6% allocation on Class 4 in EUCs 1 & 2.

EUC1 usage is 400 therms (approx.12,000 kWh).

EUC2 usage is 3,500 therms (approx.100,000 kWh).

Price of Gas Is 40p / therm.

Potential UIG Avoidance Calculations Based on the above Assumptions

Multiplying the avoided UIG based on the table by the above assumptions gives the below results:

1. Avoidance of UIG from Class 4 to Class 3 in EUC1 is £6.15 per site. 100,000 sites = £615,000
2. Avoidance of UIG from Class 4 to Class 2 in EUC1 is £9.40 per site. 100,000 sites = £940,000
3. Avoidance of UIG from Class 4 to 3 in EUC2 is £72.38 per site. 10,000 sites = £723,800
4. Avoidance of UIG from Class 4 to Class 2 in EUC2 is £78.32 per site. 10,000 sites = £783,200

A brief general discussion took place regarding the analysis and MJ reiterated that the analysis did show the extent of the UIG issue. Kirsty Dudley (KD) thanked MJ for the work that had been undertaken and said that she was happy that it illustrated the benefits from the Rough Order of Magnitude (ROM) perspective and that for now, she was far more comfortable with progressing. LOS asked if anyone else wanted to add further comments and if not, she would assume that the Workgroup concurred with the comments from KD, no further comments were forthcoming.

Fiona Cottam (FC) added that presently there were 3.9msites in class 3 and in relation to the statistics for the AQs there were 170.000 sites with approximately 3.8 tWh that had not a meter read for 3 months. FC said anything regarding UIG was about cross subsidy, allocation and removing unfair cross subsidies and MJ said that misallocation was £1.3m which equated to a cost of £120.000 p.a.

Ellie Rogers (ER) said Xoserve still believed that the magnitude of costs provided in the ROM were still correct. This was £140k - £220k (with a potential additional £30k added to the higher end to take into account the last bullet point as stated below). She added that Xoserve would still need to consider the following points as detailed:

- *Workout how best to implement the lockout phase of the functionality, taking into account that the lockout period is now being proposed for the same Shipper / Supplier combination only, as it is likely that this would not be implemented until relatively close to the CSS Implementation, and changing the process that will be obsolete post CSS makes little sense.*
Xoserve expect that the SPC and Confirmation processes may need to be changed to take account of the Supplier identity described above.

- *Xoserve need to further work out the costs to incorporate the lockout functionality into CSS as since the ROM was produced the CSS Design has been baselined and progressed, so will need to be undertaken as a Change Request to the Programme.*
- *Xoserve will need to work up options for implementation which might include a transitional phase to minimise change pre CSS which will be effective for a small effective period, this level of detail is probably best determined in a detailed assessment in Capture for the DSC Change Proposal (XRN4990). Xoserve need the DSC Change Management Committee to help us determine whether Xoserve do this now (in advance of the Modification decision) or wait for the Modification decision.*
- *If this transitional approach is not agreed then the costs of double implementation (once pre CSS and once into CSS processes) will push the cost of this to the top end of the ROM – and possibly higher (say additional £30k).*

ER said from a system's release perspective that this would be a CDSP Major release and this decision would need to be sanctioned by the DSC Change Management Committee for either June 2021 or November 2021.

4. Finalise Supplement Report

LOS reiterated the additional 2 questions that had been raised by Panel previously, as below to aid with the background and clarity, these were as follows:

2. *Issues were raised in representations about the potential impact on operation processes, is there evidence or information available to clarify this view*

An action had been taken to provide further clarity on this, however no additional comments were provided to MJ.

3. *Consider potential impacts on remote reading meters. Modification 0664 went out for consultation in March*

LOS continued the walkthrough of the draft Supplemental Report and added comments to specific sections where directed by the Workgroup. MJ said some further amendments were to be made regarding the Supplier lockout period.

Andy Clasper (AC) said in that case, would these additions alter the solution or the Business Rules, as any changes would have an impact on the Legal Text. MJ said that yes it would alter the solution and Business Rule 9 and as such, he would be discussing this topic with the DSC Change Management Committee to ascertain if this could potentially be a 'blocker', as it may mean that a waiting period was required for the Modification to then coincide with the Faster Switching programme.

FC said that this may incur added complexity from a legislative angle for the incoming supplier changing back to class 4 and that 'carve-out' might be needed to protect the supplier as it was not their issue originally. ER said more supplier lockout period scenarios would need to be mapped out due to the complexity involved with a rule for each one and MJ said he would discuss this with FC and ER offline. MJ also said from the legal perspective this would be captured in the Business Rules.

New Action 0601: SSE (MJ) and Xoserve (ER) to review the various scenarios that need to be mapped in relation to the lockout in relation to Business Rule 9.

LOS suggested asked workgroup in view of the additional work that was needed would an extension be required. Workgroup and MJ agreed that a request to extend from July to August 2020 should be sought at UNC Panel in June 20.

New Action 0602: Joint Office (LOS) to seek an extension until August 2020 from the June Panel.

LOS continued to move through the Supplemental Report and asked the Workgroup participants that if they had a further comments or feedback if they could send these to MJ in the first instance.

New Action 0603: All to provide feedback/comments for the Supplemental Report directly to Mark Jones (mark.jones@sse.com)

5. Next Steps

LOS confirmed her aspirations for the meeting on the 28 July 2020 were:

- Review of the revised Legal Text
- Finalisation of the Supplemental Report ready for submission to the August 2020 Panel.

6. Any Other Business

None.

7. Diary Planning

Agree agenda items and actions for next meeting

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

Workgroup meetings will take place as follows:

Time / Date	Paper Publication Deadline	Venue	Programme
10:30 Tuesday 28 July 2020	20 July 2020	Via Teleconference	Review of revised Legal Text Finalisation of the Supplementary Report

Action Table (as at 16 June 2020)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0401	21/04/20	1.1.1.	SSE (MJ) to investigate the costs and benefits of allocated gas in order to provide further clarity.	SSE (MJ)	Closed
0402	21/04/20	1.1.2.	All to provide a view on operation processes and the potential impacts, to also include impacts in relation to remote meter readings and to send these to Mark Jones directly; Mark Jones mark.jones@sse.com	All	Closed
0403	21/04/20	2.0	SSE (MJ) to ask PAC to confirm the Supplier/Shipper agreed performance level requirements.	SSE (MJ)	Closed
0501	19/05/20	1.0	SSE (MJ) to produce a presentation detailing the costs of allocated gas for the gas year 2021 with scenarios, and all to feedback comments directly to Mark Jones (mark.jones@sse.com)	SSE (MJ)	Closed
0502	19/05/20	1.0	Joint Office (LOS) to include references to the Smart Meter Technology within the Supplemental Report.	Joint Office (LOS)	Closed
0503	19/05/20	1.0	SSE (MJ) to investigate the lockout of class 2 & 3 with the CDSP.	SSE (MJ)	Closed
0601	16/06/20	4.0	SSE (MJ) and Xoserve (ER) to review the various scenarios that need to be mapped in relation to the lockout in relation to Business Rule 9.	SSE (MJ) & Xoserve (ER)	Pending
0602	16/06/20	4.0	Joint Office (LOS) to seek an extension until August 2020 from the June Panel.	Joint Office (LOS)	Pending
0603	16/06/20	4.0	All to provide feedback/comments for the Supplemental Report directly to Mark Jones (mark.jones@sse.com)	All	Pending