

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

Tuesday 21 April 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
Claire Roberts	(CR)	ScottishPower
David Mitchell	(DM)	SGN
Ellie Rogers	(ER)	Xoserve
Fiona Cottam	(FC)	Xoserve
Kirsty Dudley	(KD)	E.ON
Lorna Lewin	(LL)	Orsted
Louise Hellyer	(LH)	Total Gas & Power
Mark Bellman	(MB)	ScottishPower
Mark Jones	(MJ)	SSE
Rhys Kealley	(RK)	British Gas
Rob Johnson	(RJ)	Waters Wye Associates
Steven Britton	(SB)	Cornwall Insight
Tony Perchard	(TP)	DNV-GL

Apologies

Shanna Barr	(SB)	Northern Gas Networks
Stephanie Clements	(SC)	ScottishPower
Tracey Saunders	(TS)	Northern Gas Networks

**via teleconference*

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0664/210420>

The Workgroup Report is due to be presented at the UNC Modification Panel by 16 July 2020.

1. Consideration of Final Modification Report Introduction and Status Review

Lorraine O'Shaughnessy (LOS) welcomed all to the meeting and explained that at the April Panel meeting that Panel had raised some questions following the Final Modification Report had requested that this should be returned to Workgroup to address these questions and provide a Supplementary Report. LOS advised that during the consultation out of the 11 representations received; 7 had opposed, 3 had supported and 1 had supplied comments.

LOS said that Mark Jones (MJ) had kindly joined the meeting to progress this matter, even though he thought this area would not have been discussed until the meeting in May.

Panel requested the Workgroup review the comments received in the Consultation Responses together with the questions raised at Panel and create the Supplemental Report: The following points were discussed:

- 1.1. The costs and benefits have not been demonstrated, these should be reviewed and might have an associated impact on the ROM or delivery of the change;
- 1.2. Issues were raised in representations about the potential impact on operation processes, is there evidence or information available to clarify this view;
- 1.3. Consider potential impacts on remote reading meters.

MJ said in reference to the costs and benefits he would look at the negative comments supplied in the representations to gain a more in-depth understanding of the concerns that had been raised by specific parties. LOS provided the Workgroup with the details of the Rough Order of Magnitude (ROM) dated 16/12/19, the costs were quoted from between £120 - £140K.

Kirsty Dudley (KD) said it was due to these costs that they had provided a representation questioning the costs, as they felt the costs were too general from the overall solution perspective. She added that that these were the thoughts from her operational teams and she also noted that other parties who had supplied representations, had also raised concerns regarding the expenditure. KD said that if the initial drafting had been different, with more clarification supplied within the solution, then perhaps that would have helped with the overall views of the representations.

David Addison (DA) said that the costs included elements of class change and a revised split, which were different to Modification 0665 - Changes to Ratchet Regime. He said this proposal required a proper systemised process which was the reason for the costs as defined in the ROM. He added that clearly the costs were an estimate, and that once the exact system requirements were known, then there might be an option for a slight cost reduction, but that could not be confirmed at the stage.

MJ said that in real terms the costs were not that prohibitive, as the costs were likely to be recompensed in one or two months in relation to the Unidentified Gas (UIG) concerning circa 100,000 sites, and putting more in Class 4, which would reduce the share or compliance and lead to a reduction of UIG, so he did not understand the concerns raised on the costs. MJ suggested a way to move this forward would be to undertake some modelling work on UIG to show the misallocations on the classes and he agreed to investigate this area and provide clarity on the benefits that could be realised..

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

LOS said that in relation to point. 1.1. and 1.2 (as above), within some of the representations there were some comments made in relation to the operational aspect and the Smart Meter communications and if the levels were set correctly. She proposed that all the Workgroup attendees provided a view on this topic 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

New 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

2. Next Steps

LOS confirmed that the next steps would be to further explore the methodology on the costs and benefits and that any comments or suggestions would then be included within the Supplementary Report.

David Addison (DA) said that he and MJ had been having discussions regarding the discriminatory third-party provider issue. DA said that the transparency aspect of a Shippers performance needs to be made clear from the outcome of the performance element and that the measures are at the Shipper level, and that these needed to be made clear when building the solution. He added that Xoserve could lock out Shippers from one class to another, but that this question still needed to be answered, as it would change the requirement. MJ agreed to ask the Performance Assurance Committee (PAC).

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

MB noted that in their consultation response ICoSS had suggested that Performance Assurance could be used as an alternative to Modification 0664 to manage Shippers who failed to meet their obligations under PC3. MB suggested that might include for example instructing the Shipper to re-pay the UIG from which they benefitted in PC3. He pointed out the ROM for a solution of this nature would need performance tracking and invoicing. MJ noted the original version of Modification 0664 had included similar such provisions and that Xoserve had indicated a significant associated cost. MB concluded that the Modification 0664 ROM should be viewed in this context, as only a marginal cost beyond the cheapest alternative.

MJ explained that this aspect was included in the original Modification that had been raised by npower back in 2018 and it had been deemed that this was too complex from an invoicing process, and that costs would be too high. MJ said he would re-investigate certain areas and would discuss the ROM with Xoserve once more, to ensure it was still fit for purpose.

3. Any Other Business

4. 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 19 May 2020	5pm Monday 11 May 2020	Via Teleconference	Review of costs and benefits methodology Development of Supplementary Report

Action Table (as at 21 April 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)	Pending
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	Pending
0403	21/04/20	2.0	SSE (MJ) to ask PAC to confirm the Supplier/Shipper agreed performance level requirements.	SSE (MJ)	Pending