

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

**Tuesday 22 October 2019**

**at Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA**

**Attendees**

Rebecca Hailes (Chair)	(RH)	Joint Office
Helen Cuin (Secretary)	(HCu)	Joint Office
Andy Clasper	(AC)	Cadent
Carl Whitehouse *	(CW)	Shell
David Mitchell *	(DM)	SGN
Fiona Cottam	(FC)	Xoserve
Guv Dosanjh	(GD)	Cadent
Kirsty Dudley	(KD)	E.ON
Lorna Lewin *	(LL)	Orsted
Louise Hellyer	(LH)	Total Gas & Power
Mark Bellman	(MB)	Scottish Power
Mark Jones	(MJ)	SSE
Mark Palmer *	(MP)	Orsted
Megan Coventry *	(MC)	SSE
Naomi Anderson	(NA)	Utility Warehouse
Oorlagh Chapman	(OC)	British Gas
Phil Lucas *	(PL)	National Grid
Rhys Kealley	(RK)	British Gas
Rob Johnson *	(RJ)	Waters Wye Associates
Rose Kimber	(RKi)	Contract Natural Gas
Stephanie Clements *	(SC)	Scottish Power
Steven Britton *	(SB)	Cornwall Insight

*\*via teleconference*

Copies of all papers are available at: [www.gasgovernance.co.uk/0664/221019](http://www.gasgovernance.co.uk/0664/221019)

The Workgroup Report is due to be presented at the UNC Modification Panel by 19 December 2019.

**1. Introduction and Status Review**

The meeting was confirmed to be quorate.

**1.1. Approval of Minutes (23 September 2019)**

The minutes from the previous meeting were approved.

**2. Amended Modification**

MJ confirmed a draft amended Modification had been provided for consideration by the Workgroup to add further clarity and update the business rules.

RH highlighted that the documents had been provided a day before the meeting and reminded all parties that papers should be provided at least 5 days ahead of the meeting to enable Participants to review and consider the issues. The Workgroup agreed to review the amendments.

MJ explained the changes which have been made to the solution and defined terms.

NA asked about the 25% performance requirement for Class 2 and 3 read submissions. This would mean that Shippers would need to send more than one weekly batch. MB wished to understand the rationale. MJ explained this is to encourage assured read submissions. The Workgroup considered the term Approved Readings and if this refer to assured or validated reads. Assured Readings did not appear in the current legal text and legal text provided for Modificaion 0700, Section M 5.8.3.C refers to valid not assured or approved.

**New Action 1001:** MJ / AC to review the Solution and Legal Text for the minimum percentage requirement to ensure the correct terminology is used (Assured / Approved).

MJ explained the Performance Period and Lock-out Period. RK enquired about Supplier to Supplier change with the same Shipper. MJ explained that the obligation to provide reads rests with the Shipper so a Supplier to Supplier change that remains with the same Shipper would not reset any applied Lock-out.

RKi explained the contractual relationship with a small number of Suppliers may cause difficulties as Suppliers are not directly obligated. It was recognised that there is a dependency on Suppliers to provide reads but the obligation is on Shippers within the UNC. This was deemed a commercial contract issue. MB noted that parties are dependent on each other to make this work but that is the nature of the gas market.

NA noted that the situation where Shippers have a number of associated Suppliers is not unique to one Shipper, other Shippers have similar arrangements.

The publication and governance of the reports was considered along with provision of data to the Performance Assurance Committee (PAC). The Workgroup considered the visibility of the calculations and justification of any changes.

KD enquired how this was going to be made visible. It was recognised this would be reviewed and changed each year and how this is done needs to be transparent. It was considered that a brief (light touch) supporting document may be the best way to ensure visibility and appropriate governance. The Workgroup considered how best to publish the document and whether this should be a UNC Related Document. MB suggested that all the Performance Measures should be captured / consolidated into a single UNC Related Document.

**New Action 1002:** MJ to liaise with the Proposers of Modification 0674 and Modification 0672 to consider the consolidation of all Performance Measures with a single UNC Related Document.

The Workgroup considered the possibility of having a warning list. NA explained the potential number of interfaces and file flow gateways, she further explained that some interfaces may not interact with Shipper systems and reads are provided directly through the file flows. MJ explained that Shippers need to ensure they monitor their read submission/acceptance performance and ensure they meet their obligations. He further explained that it is a commercial decision to be taken by Shippers whether or not to build systems to ensure read performance obligations can be met; if they then fail to achieve their obligations as a result of this and suffer cash-flow problems which then causes the organisation to fail, this is a risk they need to accept.

NA expressed concern about the processes and that Shippers will be prevented from benefiting from Class 1 and 2 sites. MJ explained that Shippers should not be putting sites in Class 1 and 2 to gain the benefit of being in Class 1 and 2, if they are not achieving (able to achieve) the required obligations. If Shippers are doing this intentionally this would be deemed an illegal avoidance of UIG.

MB enquired about the ability for Xoserve to provide meter read performance, to help identify problematic meters.

**New Action 1003:** MJ to consider the provision of a warning list.

He suggested a Shipper effectively acting as a communication route to direct files submissions from Suppliers is not operating as a Shipper should under the UNC.

Whilst reviewing the solution, it was noted that the reference to “network sensitive site” needs to be re-considered to check if this is still a defined term or whether it is defined as a designated site.

The Workgroup considered the lock-out period under section 8 and if the target should be 90% over 3 months. LH enquired about the ability to appeal when the performance is marginally falling short of the 90% target, as opposed to the same sanction of a party only achieving 2%.

The Workgroup recognised that the UNC obligates Shippers to provide meter reads within a certain target. MB reiterated that Shippers should not classify sites in Class 1 and 2 if the read performance target cannot be achieved. These sites should transfer into Class 4.

MJ noted that Business Rule 9 was for the avoidance of doubt statement rather than a rule which will drive UNC legal text.

The Workgroup considered moving sites from Class 1 and 2 to Class 4, if the Supplier is not providing reads, the Shipper may have to intercept and move sites to Class 4 to avoid lock-out periods.

The Workgroup considered the impact to IGTs. KD did not believe there was currently an equivalent IGT Modification raised. It was unclear if the IGT UNC needed to refer to the UNC or if an IGT Modification was required to specify the rules.

**New Action 1004:** MJ to review the need for an IGT Modification and if necessary, raise an IGT Modification.

It was anticipated that the Legal Text could be produced upon formal amendment of the Modification to v8.0.

**New Action 1005:** Legal Text to be provided for Modification 0664 based on v8.0

### 3. ROM Request

The Workgroup considered the need for a Rough Order of Magnitude (ROM).

The Workgroup wished to formally request the ROM, once the Modification had been formally amended, for consideration at the next meeting

The Workgroup also considered the need for a Change Proposal. It was believed a Change Proposal had been raised and the reference was XRN4990.

**New Action 1006:** Joint Office to request ROM for v8.0 Modification 0664.

**Post Meeting Note:** Formal ROM request submitted to Xoserve.

**New Action 1007:** Xoserve (FC) to consider and provide a ROM for Modification 0664.

The Workgroup considered the purpose of the Modification and captured this within the draft Workgroup Report.

It was agreed that the intent of the Modification was to prevent Shippers benefiting from lower product Class 1 & 2 UIG factors without meeting the read performance obligations. Those failing by the worse amount, where they are not demonstrating the ability to meet the obligations (for example weekly readings once a month), will be reviewed by PAC.

The Modification also prevents Shippers from re-classifying sites, which have moved to Class 4, within a short period without demonstrating the ability to meet the obligations.

Shippers who have a small proportion of their portfolio failing to meet the obligations due to faulty meters and problematic sites will be exempt. Genuine demonstration of achieving 90% of Product Class on 2 and 90% of Product 3 would be considered separately.

Some Workgroup parties believed the 90% minimum performance requirement would negate the need for an appeals process. However, some Workgroup parties believed that some Supplier specific communication issues, commercial contracts and portfolios which may have regional issues need to be taken into account and an appeals process should exist. MB believed there was a difference between contract and commercial issues for industry services through DCC, impacted by the concentration of the portfolio (DCC verses AMR). LH challenged that a 3-month period should allow parties some time to address site specific issues and Shippers should know about the problems before they are highlighted to PAC.

The Workgroup considered the role of PAC and the ability to provide PAC re-assurance that an action plan is in place to improve performance.

RKi explained the Supplier to Supplier issue to ensure this was captured within the Workgroup Report. She expressed concern that good performance with one Supplier could be impacted by the poor performance of another. RKi explained that for some Shippers they cannot intercept the Supplier data which flows through to Xoserve. She explained that CNG does not initiate any file flows. MJ explained that Shippers should be assigning Product Classes (not Suppliers) as they are obligated to meet the requirements. RKi was concerned that if the Shipper remains the same, the lock-out from a poor performing Supplier could impact a good performing Supplier/Shipper.

When considering the potential consumer impacts, the Workgroup recognised the different contractual relationships between Suppliers and Consumers and Suppliers and Shippers. It was recognised that Suppliers sell customer supply contracts and the Shipper will classify the site for settlement based on that contract. The risk of non-compliance creating costs which could increase tariffs was briefly considered.

#### 4. Consideration of System Changes and PARR Report specification/format

See Action Update 0803.

FC highlighted that a PAC-Related workshop was taking place, led by the PAFA (not a UNC-led Meeting) on the 25<sup>th</sup> October and the PARR Report specification for this Modification could be considered at this meeting.

#### 5. Review of Outstanding Actions

**0802:** Joint Office (RH) to contact Anne Jackson at Gemserv to ascertain if an IGT Modification would be needed and request generic guidelines in relation to when an IGT Modification is required.

**Update:** RH confirmed she had contacted Anne Jackson and was awaiting a response. It was agreed as this action was generic to all Modifications this action would be transferred to the UIG Workgroup. **Transferred to UIG.**

**0803:** Xoserve (FC) to describe the format and specification of a potential new PARR report to show the effect of Modification 0664 (for example showing class movement by Shipper possibly as percentage of population in classes 2, 3 and 4).

**Update:** FC confirmed a PAC-Related workshop was being held on the 25<sup>th</sup> October and this could be considered at this meeting, it was anticipated that the CDSP would report the class movements undertaken by the CDSP. MJ confirmed he will be dialling into the meeting on 25 October. **Carried Forward.**

**0901:** Xoserve and SSE (FC/MJ) to consider and confirm the PARR Report specification/format for Modification 0664.

**Update:** See Action 0803 update. **Carried forward.**

**0902:** PAC Members (CW/LH/MB) to ensure the specification of the new PARR Report (Sites converted from PC 2/3 to PC4 by the CDSP due to low read submission levels at individual supply points) is considered by the Performance Assurance Committee (PAC).

**Update:** MJ confirmed he would be attending the planned meeting on 25<sup>th</sup> October. PAC members to ensure the specification of the new PARR Reports for Modification 0672 is discussed on 25<sup>th</sup> October. **Carried forward.**

**6. Next Steps**

RH confirmed the next steps for the November meeting, these were:

- Amended Modification v8.0 (November)
- Consideration of ROM (November)
- Consideration PARR Report specification/format (November)
- Consideration of System Changes (November)
- Legal Text provision and review (November)
- Confirmation of whether an equivalent IGT Modification is required (November)
- Finalisation of Workgroup Report (November)

**7. Any Other Business**

None.

**8. Diary Planning**

Further details of planned meetings are available at: [www.gasgovernance.co.uk/events-calendar/month](http://www.gasgovernance.co.uk/events-calendar/month)

Workgroup meetings will take place as follows:

Time / Date	Venue	Workgroup Programme
10:30 Tuesday 26 November 2019	Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA	Amended Modification Consideration of ROM Consideration PARR Report specification/format Consideration of System Changes Legal Text provision and review Confirmation of whether an equivalent IGT Modification is required Finalise of Workgroup Report
10:30 Thursday 12 December 2019	Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA	Finalise Workgroup Report

**Action Table (as at 22 October 2019)**

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0802	20/08/19	6.0	Joint Office (RH) to contact Anne Jackson at Gemserv to ascertain if an IGT Modification would be needed and	Joint Office (RH)	<b>Transferred to UIG</b>

			request generic guidelines in relation to when an IGT Modification is required.		
0803	20/08/19	8.0	Xoserve (FC) to describe the format and specification of a potential_new PARR report to show the effect of Modification 0664 (for example showing class movement by Shipper possibly as percentage of population in classes 2, 3 and 4).	Xoserve	<b>Carried Forward</b>
0901	23/09/19	9.0	Xoserve and SSE (FC/MJ) to consider and confirm the PARR Report specification/format for Modification 0664.	Xoserve/SSE (FC/MJ)	<b>Carried Forward</b>
0902	23/09/19	9.0	PAC Members (CW/LH/MB) to ensure the specification of the new PARR Report (Sites converted from PC 2/3 to PC4 by the CDSP due to low read submission levels at individual supply points) is considered by the Performance Assurance Committee (PAC).	PAC (CW/LH/MB)	<b>Carried Forward</b>
1001	22/10/19	2.0	MJ / AC to review the Solution and Legal Text for the minimum percentage requirement to ensure the correct terminology is used (Assured / Approved).	Xoserve (FC/MJ)	<b>Pending</b>
1002	22/10/19	2.0	MJ to liaise with the proposer of Modification 0674 to consider the consolidation of all Performance Assurance Reports.	SSE (MJ) Cadent (AC)	<b>Pending</b>
1003	22/10/19	2.0	MJ to consider the provision of a warning list.	SSE (MJ)	<b>Pending</b>
1004	22/10/19	2.0	MJ to review the need for an IGT Modification and if necessary, raise an IGT Modification.	SSE (MJ)	<b>Pending</b>
1005	22/10/19	2.0	Legal Text to be provided for Modification 0664.	Cadent (AC)	<b>Pending</b>
1006	22/10/19	3.0	Joint Office to request ROM for Modification 0664.	Joint Office (HC)	<b>Pending</b>
1007	22/10/19	3.0	Xoserve (FC) to consider and provide a ROM for Modification 0664.	Xoserve (FC)	<b>Pending</b>