

UNC Workgroup 0699 Minutes
Incentivise Key Areas of Performance using additional UIG Charges
Thursday 28 November 2019
at Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA

Attendees

Alan Raper (Chair)	(AR)	Joint Office
Helen Bennett (Secretary)	(HB)	Joint Office
Lorraine O'Shaughnessy	(LO)	Joint Office
Maitrayee Bhowmick-Jewkes	(MBJ)	Joint Office
Andy Clasper	(AC)	Cadent
Carl Whitehouse*	(CW)	Shell Energy Retail Limited
David Addison	(DA)	Xoserve
David Mitchell	(DM)	SGN
Ed Fyfe*	(EF)	SGN
Ellie Rogers	(ER)	Xoserve
Gareth Evans*	(GE)	Waters Wye Associates
Kirsty Dudley*	(KD)	E.ON
Lorna Lewin	(LL)	Orsted
Megan Coventry*	(MC)	SSE
Oorlagh Chapman	(OC)	British Gas
Phil Lucas	(PL)	National Grid
Richard Pomroy	(RP)	Wales & West Utilities
Stephanie Clements*	(SC)	Scottish Power
Steve Britton*	(SB)	Cornwall Insights
Steve Mulinganie	(SM)	Gazprom Energy
Tracey Saunders	(TS)	Northern Gas Networks

*via teleconference

Copies of all papers are available at: www.gasgovernance.co.uk/0699/281119

The Workgroup Report is due to be presented at the UNC Modification Panel 16 January 2019.

1.0 Introduction and Status Review

1.1. Approval of Minutes (24 October 2019)

The minutes from the previous meeting were accepted.

1.2. Review of outstanding actions

There are no actions outstanding.

2.0 Amended Modification

Stephanie Clements (SC) provided an update on the recently amended Modification and advised that she has removed the charging elements from the solution. She went on to advise that a lot of information has been removed from the Modification and she is now looking to provide the business rules that would be applied to the performance targets, adding that the performance targets are already in code.

In discussing the solution, Workgroup discussed how the charges would vary depending on the profile class of the meter, if Class 4 there could be a huge number of meters not read, this would need to be a fair comparison with a small number of Class 1 meters.

When Richard Pomroy (RP) asked if this proposal will effectively be a neutrality arrangement, for anyone that hits performance, (and above), gets a re-share of the revenue, SC confirmed that the better the meter read performance, the greater the share of collected revenue, but clarified that this needs more work.

Kirsty Dudley (KD) said that, if one Shipper performed really well in Class 3 readings but not in Class 1 readings, the share out could be class biased. SM suggested this could be by EUC band as opposed to the profile class of the meter.

SC confirmed she intends to provide Business Rules and scenarios at the next Workgroup and added that, as part of the proposal, significant elements of the Business Rules would be set out in a UNC related document.

When asked, SC confirmed that the charging aspect of the Modification requires more development, initial thoughts are that the charging and redistribution would be self-funding, as opposed to a new CDSP Administration Charge. This will require an IGT Modification to be raised.

When asked, SC confirmed, in terms of the charges, they do not factor in any UIG. Alan Raper (AR) then introduced by way of comparison an alternative approach from Centrica which would use additional UIG Charges. This then gave the opportunity to Orlagh Chapman (OC) to provide an overview of the content of Centrica's presentation and drew attention to the main areas of the proposed difference in relation to the charges.

OC explained that the proposal's objective was to long term predictability of charging levels by reducing UIG that resulted from shippers' avoidance of operating costs, by moving sites to Product Classes 2 & 3 without the capability to support reads and by non-submission of reads in any Product Class. She then provided an example of the proposed formulas for the 'Avoided UIG Charge' and the 'Cause of UIG Charge'.

AR then said, because Modification 0699 has moved away from factoring in a UIG charge, this proposal from Centrica is not, strictly, an alternative. Workgroup discussed if both models could be deployed and agreed this could be done. SM added that his view is that the Centrica proposal is not an alternative as it has materially changed but agreed that both Modification could be aligned on implementation.

KD asked if this should be covered in the UIG Workgroup as opposed to Distribution Workgroup. It was discussed that the UIG Workgroup is expected to be closed down in the coming months as this is not an enduring Workgroup. AR added that UNC Panel allocated an action to Joint Office to consider the volume of modifications in the Distribution Workstream, this is still being considered.

AR asked Workgroup to consider the original Modification 0699, specifically in terms of how it has substantially changed from its original form and asked if withdrawal and resubmission as a new proposal, that could align with the alternative proposal, should be considered as an optional way forward.

SM agreed and suggested the right thing to do is to withdraw Modification 0699 and rewrite it.

Workgroup agreed that if there are to be the two Modifications going forward, it would be good to align them.

OC confirmed Centrica would be going forward with this alternative to Modification 0699 in its current state.

3.0 Consideration of Business Rules

Not covered at this meeting.

4.0 Development of Workgroup Report

Not covered at this meeting.

5.0 Next Steps

AR summarised the next steps with regards to this Modification and advised that SC will reconsider the way forward with Modification 0699 and liaise with OC.

6.0 Any Other Business

None.

7.0 Diary Planning

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	Venue	Workgroup Programme
10:30, Thursday 17 December 2019	Elexon, 350 Euston Road, London, NW1 3AW	Workgroup standard Agenda

Action Table (as at 28 November 2019)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
			No outstanding actions		