





UNC Modification		At what stage is this document in the process?
<h1>UNC 0672:</h1> <h2>Target, Measure &amp; Report Product Class 4 Read Performance</h2>		<div style="display: flex; flex-direction: column; gap: 5px;"> <div style="border: 1px solid green; background-color: #008000; color: white; padding: 2px; display: inline-block;">01 Modification</div> <div style="border: 1px solid blue; padding: 2px; display: inline-block;">02 Workgroup Report</div> <div style="border: 1px solid purple; padding: 2px; display: inline-block;">03 Draft Modification Report</div> <div style="border: 1px solid orange; padding: 2px; display: inline-block;">04 Final Modification Report</div> </div>
<p><b>Purpose of Modification:</b></p> <p>This Modification seeks to reduce Unidentified Gas (UIG) volume by providing a target for read submission performance for Product Class 4 sites against overall portfolio. This Modification proposes to target and measure performance against an agreed percentage for Energy reconciled after a defined period and provide PAC with an un-anonymised report which will enable them to target shippers whose performance is below the target threshold.</p>		
	<p>The Proposer recommends that this Modification should be:</p> <ul style="list-style-type: none"> <li>subject to self-governance</li> <li>assessed by a Workgroup</li> </ul> <p>This Modification will be presented by the Proposer to the Panel on 19<sup>th</sup> September 2019. The Panel will consider the Proposer's recommendation and determine the appropriate route.</p>	
	<p>High Impact:</p> <p>None</p>	
	<p>Medium Impact:</p> <p>CDSP and Shippers</p>	
	<p>Low Impact:</p> <p>Transporters</p>	

**Commented [SC1]:** Original MOD was not-subject to self governance but since the incentive has been stripped out this is not considered a material change. To be considered at Dec panel as part of final workgroup report

Contents	
1 Summary	3
2 Governance	4
3 Why Change?	5
4 Code Specific Matters	7
5 Solution	7
6 Impacts & Other Considerations	8
7 Relevant Objectives	9
8 Implementation	10
9 Legal Text	10
10 Recommendations	10

Timetable	
<b>The Proposer recommends the following timetable:</b>	
Initial consideration by Workgroup	31 October 2018
Workgroup Report presented to Panel	19 <sup>th</sup> September 2019
Draft Modification Report issued for consultation	19 <sup>th</sup> September 2019
Consultation Close-out for representations	10 <sup>th</sup> October 2019
Final Modification Report available for Panel	14 <sup>th</sup> October 2019
Modification Panel decision	17 <sup>th</sup> October 2019 (at short notice)

 Any questions?

Contact:  
Joint Office of Gas Transporters

Deleted: 45

 [enquiries@gasgovernance.co.uk](mailto:enquiries@gasgovernance.co.uk)

 0121 288 2107

Proposer:  
Steph Clements  
ScottishPower

Deleted: 109

Deleted: 1110

 [Stephanie.clements@scottishpower.com](mailto:Stephanie.clements@scottishpower.com)

Deleted: 1110

Deleted: 1110

 0141 614 3376

Transporter:  
Cadent

 [Chris.Warner@Cadent.com](mailto:Chris.Warner@Cadent.com)

 01926 653541

Systems Provider:  
Xoserve

 [UKLink@xoserve.com](mailto:UKLink@xoserve.com)

## 1 Summary

### What

There has been excessive levels and volatility in Unidentified Gas (UIG) since the implementation of Project Nexus on 01 June 2017. To ensure the accuracy of energy calculations it is extremely important that regular meter reads are submitted for all Supply Points. Supply Points with no read accepted by Xoserve in 12+ months increase the risk of inaccurate deemed energy volumes, which drive volatility in UIG allocation and reconciliation.

UIG levels could be reduced by ensuring that Shippers are submitting as many regular and valid meter reads as possible for sites within Product Class 4. Providing shippers with a read performance target against overall portfolio will result in a more accurate deemed energy volumes and in turn will reduce the volatility in UIG allocation and reconciliation.

### Why

Ofgem have highlighted in response to previous Modifications, (notably UNC 0619 & 0642/0643) that they consider meter read submission performance a significant influencing factor in UIG, which is further [supported by Xoserve UIG Task Force \(as established by UNC Mod 0658\) who have identified that lack of meter reads is a major risk factor for UIG.](#)

- [For Class 1 and 2 sites, this means that an estimate is used in daily allocation. The difference between estimate and actual creates UIG. This is resolved once an actual reading is received.](#)
- [For Class 3 and 4 sites, this delays reconciliation and means that AQ could be out of date.](#)

The proposer of this Modification agrees that more frequent meter read submission and a greater percentage of reads against the overall portfolio will reduce levels of UIG exposure, as a greater percentage of a shippers overall portfolio will be settling on more accurate deemed energy volumes.

At present there are read submission performance targets set out in the UNC [TPD Section M](#) but these target percentage of sites that a readings should be submitted for. The risk is that if there are larger sites where a reading is not received that will be contributing more to UIG even though the shipper may be achieving the read submission target. There is currently insufficient reporting detail to show performance against overall portfolio and no target within UNC TPD Section M that shippers should achieve.

The benefit of introducing an additional read performance obligation on shippers would be to increase the accuracy of the total kWh settled in Product Class 4 which would in turn increase confidence in the accuracy of nominations, allocations, reconciliations, energy charges and UIG arising from Product Class 4 sites, which should reduce volatility across the market.

### How

[The solution will be to introduce an obligation for shippers to achieve set performance for readings against overall portfolio for:](#)

- [Class 4 with an AQ >293,000kWh](#)
- [Class 4 with an AQ <293,000 with Smart/AMR equipment recorded on UKLink](#)
- [Class 4 with an AQ <293,000 without Smart/AMR equipment recorded on UKLink.](#)

It is proposed that [the prototype reports that focus on AQ at Risk which have recently been developed by Xoserve are enhanced to provide a PARR report and an un-anonymised report to PAC split by:](#)

Deleted: commented on by UIG Task Force (as established by UNC Mod 0658).¶

Formatted: Bulleted + Level: 1 + Aligned at: 0.63 cm + Indent at: 1.27 cm

Formatted: Indent: Left: 0 cm

Formatted: Bulleted + Level: 1 + Aligned at: 0 cm + Indent at: 0.63 cm

## Joint Office of Gas Transporters

- ⇒ Individual Product Class
- ⇒ Shipper
- ⇒ Supplier
- ⇒ LDZ
- ⇒ SSP/LSP
- ⇒ Annually read sites
- ⇒ Monthly read sites

August Statistics are available at: <https://gasgov-mst-files.s3.eu-west-1.amazonaws.com/s3fs-public/ggf/2019-09/3.6%20AQ%20At%20Risk%20Statistics%20October%202019.pdf>

New reporting would be required to:

- ⇒ Calculate the shipper performance vs target by product class
- ⇒ Calculate the shipper performance by SSP/LSP
- ⇒ Calculate the shipper performance by LDZ
- ⇒ Calculate the shipper performance by annually read sites
- ⇒ Calculate the shipper performance by monthly read sites

Using these reports Shippers will be measured against a target of % of overall portfolio reconciled to an actual read:

- a) Annual read sites - the previous 15 months period.
- b) Monthly read sites – the previous 3 month period

This target would provide shippers with 15 months to submit a read for annually read sites and 3 months for monthly sites to achieve the agreed target.

It is proposed that Xoserve provide the Performance Assurance Committee (PAC) with un-anonymised industry data on a monthly basis which will enable them to review performance and amend performance targets as required, ensuring they are fair and reasonable.

The % energy reconciled target will be proposed to PAC and set at an agreed level, prior to consultation based on current industry performance and be subject to annual review as part of the PAC process. PAC would have the authority to make the decision on setting the target for the year in question.

Deleted: 12

Deleted: 4

Deleted: 12

Deleted: 4

Deleted: showing current performance. This will provide PAC with the information to define fair and reasonable targets.¶

Commented [SC2]: Information needed on what the current performance looks like so that a realistic target can be proposed

Deleted: should be set at an

Deleted: by PAC

## 2 Governance

### Justification for Authority Direction

This Modification seeks to provide enhanced reporting and a target performance measure based on industry standard, it is therefore suggested that this should be self-governed as it will not result in additional costs for shippers.

Deleted: or have any material impact on competition.

### Requested Next Steps

This modification should:

- be subject to self-governance

- be assessed by a Workgroup

### 3 Why Change?

There has been excessive levels and volatility in nominations, reconciliations and UIG since implementation of Nexus. Supply Points with no read accepted by Xoserve in 12+ months are at high risk of having inaccurate deemed energy volumes and thereby creating UIG and uncertainty.

At present there are read submission performance targets set out in the UNC TPD Section M but these target percentage of sites that a readings should be submitted for. The risk is that if there are larger sites where a reading is not received that will be contributing more to UIG even though the shipper may be achieving the read submission target. There is currently insufficient reporting detail to show performance against overall portfolio and no target within UNC TPD Section M that shippers should achieve. Total kWh settled and no accompanying target.

Identifying and reporting read performance against the overall portfolio this will encourage Shippers to submit reads in a timely manner and target larger sites where a lack of reading has a greater impact on UIG, this will ensure accurate energy calculations take place. It will provide PAC with an additional measure which they can use to monitor shipper performance and challenge where this does not meet the required standard. This will help reduce volatility of nominations, allocations, reconciliations and UIG. This change will also provide confidence in these measures for Product Class 4.

If this change is not implemented, then UIG volatility will remain and confidence in the volumes attributed to Product Class 4 sites will remain a concern.

#### Analysis

Working from the following assumption:

- The more recent the read, the more recent the Annual Quantity (AQ) Calculation
- The more recent the AQ Calculation, the more accurate the AQ
- The more accurate the AQ, the more accurate the NDM allocation
- The more accurate the NDM allocation, the less volatile the UIG

Analysis was carried out by ScottishPower on AQ's which calculated on 1<sup>st</sup> July 2018 to confirm the volatility of AQ movement based on the last time the AQ calculated.

The data was all Product Class 4 Meter Point Reference Numbers (MPRN) taken from T04 records which met the following criteria:

- REVISED\_SUPPLY\_METER\_POINT\_AQ\_EFFECTIVE\_DATE = 01/07/2018
- CONFIRMATION\_EFFECTIVE\_DATE < 01/07/2017 - to ensure supply period > 1 year
- AQ\_CORRECTION\_REASON\_CODE = null

The MPRN list was then compared against T04 records from July 17 – June 18 to confirm the previous calculation date.

NOTE: October / April list only included meter points where REVISED\_SUPPLY\_METER\_POINT\_AQ\_EFFECTIVE\_DATE was populated.

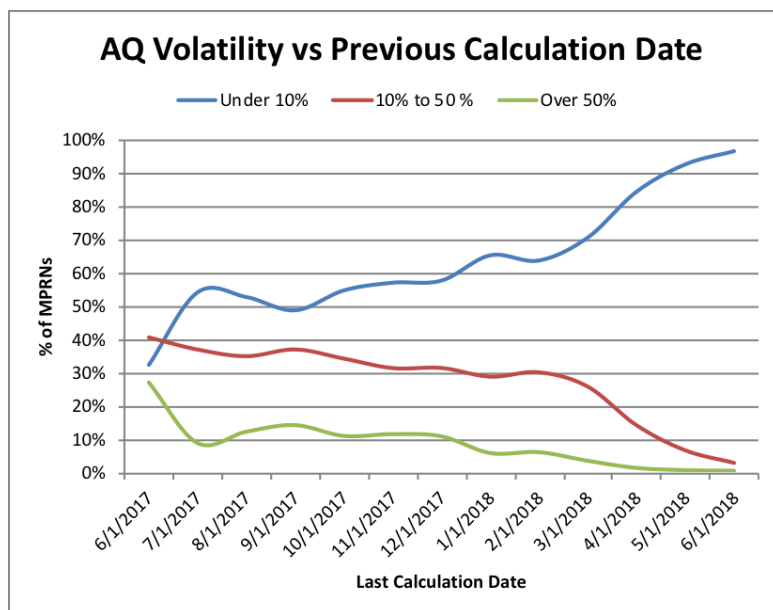
The data was then grouped into 3 categories based on PERCENTAGE\_AQ\_CHANGE on 01/07/2018:

- Where the AQ has moved under +/- 10% - low volatility to the AQ, pre-01/07/2018 AQ would still have been accurate
- Where the AQ has moved between +/- 10% to +/-50%
- Where the AQ has moved over +/- 50% - high volatility with AQ movement, pre-01/07/2018 AQ not have been accurate

The % of MPRNs calculating in each of the 3 categories based on the last calculation date:

The 01/06/2017 date is used as a default, as an AQ had not calculated since Project Nexus Go-Live but last calculation date could be any time pre-01/06/2017.

Fig2) Graph below highlights the link between the AQ % movement and the time between read submissions.



Key points are:

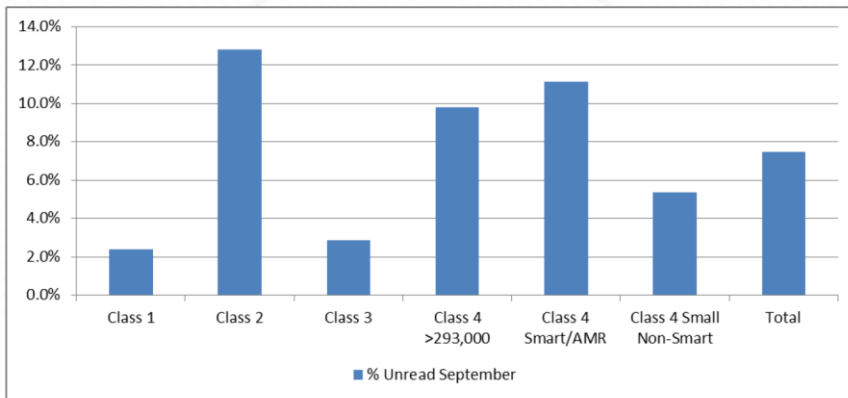
- Low volatility where the last AQ was calculated within the last 3 months as 84 – 96% of MPRNs moved by <10%
- There is some volatility where the last AQ calculated within the last 4 -12 months as 50 – 70% of MPRNs moved by <10%, though only 10% of MPRNs moved by >50%
- Much higher volatility where the last calculation date is > 12 months as 27% of MPRNs moved by >50%. Only 32% of AQ's moved by <10%.

If the new AQ's on 1<sup>st</sup> July had not calculated, the meter points that had not calculated > 12 months ago would have caused higher UIG volatility than a site calculated more recently.

[AQ at Risk Prototype Reporting](#)

Xoserve have produced a prototype report which analyses UK wide performance for AQ at Risk. This shows that for the month of September 7.5% of the overall AQ has had no reading. It also provides evidence that Product Class 4 sites with an AQ >293,000 kWh have worse performance than those with an AQ <293,000 kWh and therefore are a greater risk to UIG.

### AQ at Risk Breakdown as at 10 Sep 2019 – % of Total



## 4 Code Specific Matters

### Reference Documents

UNC Transportation Principle Document (TPD) Sections M & S <https://www.gasgovernance.co.uk/TPD>

**Deleted:** It is anticipated that Xoserve will be able to produce UK-wide analysis to back up SCP analysis and this could be included in the Workgroup Report.

## 5 Solution

This proposal seeks to amend UNC TPD Sections M & S.

### Reporting and measuring performance

It is proposed that current Xoserve [AQ at Risk](#) reports will be enhanced to provide information split by:

**Deleted:** reconciliation

- ⇒ Individual Product Class
- ⇒ Shipper
- ⇒ Supplier
- ⇒ LDZ
- ⇒ SSP/LSP
- ⇒ Annually read sites
- ⇒ Monthly read sites

New reporting would be required to:

- ⇒ Calculate the shipper performance vs target by product class
- ⇒ Calculate the shipper performance by supplier
- ⇒ Calculate the shipper performance by SSP/LSP
- ⇒ Calculate the shipper performance by LDZ
- ⇒ Calculate the shipper performance by annually read sites
- ⇒ Calculate the shipper performance by monthly read sites

[This reporting will be shared with PAC on a monthly basis at an un-anonymised level and MPRN level data would be made available to individual shippers via the Data Discovery Platform.](#)

Using these reports Shippers will be measured against a target of % of Allocation energy volume reconciled to an actual read:

- a) Class 4 with an AQ >293,000 kWh – the previous 3 month period
- b) Class 4 with an AQ <293,000kWh and with Smart/AMR equipment recorded in UKLink – the previous 3 month period
- c) Class 4 with an AQ <293,000 kWh without Smart/AMR equipment recorded in UKLink – the previous 15

This target would provide shippers with 15 months to submit a read for annually read sites and 3 months for monthly sites to achieve the agreed target.

Shippers will receive details via the Data Discovery Platform.

A report of all shippers' performance will also be produced at PAC.

## 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**

No direct consumer impacts identified. However, the workgroup should take into consideration any possible consumer impacts during the assessment of this Modification.

#### **Cross Code Impacts**

There may be IGT UNC impacts to be considered by the workgroup.

#### **EU Code Impacts**

None identified

#### **Central Systems Impacts**

There should be limited central systems impact other than the provision of the new reporting.



## 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.	None
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

This modification proposes that by [targeting](#) meter read performance across Shippers and customer types, it should help to reduce the levels, volatility and unpredictability of UIG, reduce uncertainty in estimation and improve the accuracy of cost targeting and therefore further Relevant Objective d) Securing of effective competition between Shippers and Suppliers.

Formatted: Indent: Left: 0.5 cm

Deleted: enhanced reporting of

## 8 Implementation

No implementation timescales are proposed; however implementation could be as soon after a decision to implement has been received.

## 9 Legal Text

### Text Commentary

To be provided by Transporters

### Text

To be provided by Transporters

## 10 Recommendations

### Proposer's Recommendation to Panel

Panel is asked to:

- Agree that this is subject to self-governance

Refer this proposal to a Workgroup for assessment.