

## UNC Variation Request

### 0664 - Transfer of Sites with Low Read Submission Performance from Class 2 and 3 into Class 4

**Date:** XX July 2020

The Proposer, SGN, requests a variation to this modification, pursuant to UNC Modification Rules Section 6.5.1(c) of the UNC.

#### Reason for Variation

A number of representatives raised various questions and concerns during the consultation of Modification 0664, Panel determined following review, that these concerns should be addressed and requested that the Modification warranted re-opening the 0664 Workgroup to address these. The Workgroup reconvened in April 2020 until July 2020 and a Supplemental report will be presented to UNC Panel in August 2020 to recommend this Variation to the 0664 Modification.

The questions raised were relating to the Costs v Benefits, impacts on Operation processes and to consider the impacts on remote reading meters. The Proposer provided an analysis of Costs and Benefits to demonstrate, the number of sites impacted where there is poor performance reads across EUC Bands 1 to 9 (details of this analysis is detailed in the supporting Supplemental Report. The modification includes a number of New Defined Terms, one being the Lockout period which raised a number of concerns if Supplier changes and affected shippers obligations.

During workgroup discussions, Central Data Service Provider (CDSP) and the proposer have reviewed all possible scenarios, addressed the costs of the Rough Order of Magnitude, mapped out various scenarios in relation to the lockout period (as detailed below in Business Rule 9) to address the questions raised during consultation and the proposer has provided

#### Nature of Variation

To amend the current solution in 0664 as detailed in Black below with the recommended inclusion /change to the Solution in blue below, (the entire replacement Solution with the exception to the new Performance Assurance Reports has been included for completeness). The supporting Legal Text will also be changed to reflect these changes.

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The solution will deal with the transfer of poor performing Supply Points (from Classes 2 or 3 to Class 4).

#### New Defined Terms:

The following new defined terms will be required to be added to the UNC.

### **Minimum Percentage Requirement**

The minimum percentage of **Valid Readings** required over each Performance Period for each Supply Point in order for the Supply Point to remain in Class 2 or Class 3. For the avoidance of doubt, a Meter Reading will be determined as being a Valid Reading including Meter Readings for Smaller Supply Points that are not specifically subject to Validation, but are determined to be valid (M5.8.3 refers – as introduced by UNC Modification 0700) for determination of meeting performance.

This will be set at 25% initially for both Classes 2 and 3 (i.e. each Supply Meter Point in Class 2 or 3 must obtain Valid Meter Readings for 25% of the days within the Performance Period). The Minimum Percentage Requirement will be reviewed on an annual basis by the PAC.

Where there is more than one Minimum Percentage Requirement in place across a Performance Period then the lower of the Minimum Percentage Requirements must be met for all of the Performance Period.

### **Minimum Performance Measure**

The percentage of Supply Points that must meet the Minimum Percentage Requirement over each Performance Period in order for all Supply Points to remain in Class 2 or Class 3. This will be set at 90% initially for both Classes 2 and 3. The Minimum Percentage Requirement will be reviewed on an annual basis by the PAC.

Where there is more than one Minimum Performance Measure in place across a Performance Period then the lower of the Minimum Percentage Requirements must be met for all of the Performance Period.

### **Performance Measure**

The percentage of daily Valid Meter Readings received, as measured by the CDSP, for each Supply Point in Classes 2 and 3 over each Performance Period.

### **Performance Period**

The time period over which each Performance Measure will be derived. This will initially be set as a consecutive 3 calendar month period, but will be reviewed on an annual basis by the PAC. Where there is a change to the Performance Period then all Performance Measures commencing from that date on will be on the revised Performance Period. Any Performance Periods in place at the date of the Performance Period change will be unaffected by the Performance Period change.

### **Performance Month**

The Supply Meter must be classified as either Class 2 or 3 for the entire calendar month to be considered for a Performance Month within the Performance Period.

Where a Supply Meter has been reclassified outside of Class 2 or 3 for any part of the month, or been subject to a Change of Shipper after the first calendar day of the month, it will not be considered either to contribute to performance within the month, nor be considered as part of the Shipper Portfolio for determining the 'Performance Contributing Portfolio'.

### **Performance Contributing Portfolio**

This is the Shipper's total Class 2 and Class 3 Supply Meter Point portfolios, less any Supply Meters that are not included within the Performance Month – e.g. as a result of reclassification or Shipper transfer on any day other than the first of the month.

### **Lock-out Period**

The time period over which Shippers will not be able to re-register Supply Points into Classes 2 or Class 3 that have been removed from either of these Classes due to them failing the Minimum Percentage Requirement. The Lock-out Period will begin on the day of re-registration into Class 4. The lock-out period will cease to apply if there is a change of Shipper at the Supply Point or if the Supply Point qualifies to be registered as a Class 1 Supply Point. The lock-out period will be initially set at 3 months and will be reviewed on an annual basis by the PAC. Where there is a change to a Lock-Out Period all Supply Points that are in a Lock-Out period will be subject to the shorter of the Lock-Out periods.

### **Notification of revised Minimum Percentage Requirement, Minimum Performance Measure, Performance Period and Lock-Out Period**

For each Gas Year, the Performance Assurance Committee will maintain or revise the Minimum Percentage Requirement, the Minimum Performance Measure, the Performance Period and Lock-Out Period.

The Performance Assurance Committee will consult with the Uniform Network Code Committee (UNCC) on any revisions and provide the reasons for the revisions.

Not later than 31st August in the Preceding Year (and in sufficient time to meet CDSP system time constraints), the PAC will confirm to the CDSP any revisions, who will apply them from 1st October for the upcoming Gas Year. The PAC will also confirm any revisions to Users.

Where the Performance Assurance Committee is unable to or does not determine any revisions for the upcoming Gas Year, the CDSP shall rollover all values applying in the preceding Gas Year

The business rules are below.

### **Business Rules**

1. It is proposed that the current read provision obligations in section M, 5.7 and 5.8 are extended to add minimum individual Supply Meter Reading performance targets (Minimum Percentage Requirement). In addition to the existing portfolio level, Valid Read submission targets, each Supply Point registered in settlement Classes 2 and 3 will have Valid Supply Meter Readings measured daily where they meet the criteria to be considered for the Performance Month.
2. While the existing portfolio level Valid Reading submission targets will remain (97.5% per day for Class 2, 90% per day for Class 3), in addition, each Supply Point will need to meet a minimum level of performance over the Performance Period. If any Supply Meter in either Class 2 or 3 provides less than 25% of daily reads (the 'Minimum Percentage Requirement') across the consecutive period, the Supply Point will be required to be reclassified to Class 4 following that period provided that the Shipper has not met a satisfactory performance across its Class 2 and 3 Performance Contributing Portfolio (as described in Business Rule 10).
3. The table below demonstrates the mechanism for measuring Supply Point level read performance, where the number of accepted Valid Meter Readings provided for a Supply Point in any given Performance Month is recorded and measured to generate an individual monthly read submission performance. The Performance Measure calculated for each Supply Point will be average of the Performance Months contained within each Performance Period.

	MPRN 1	MPRN 2	MPRN 3	MPRN 4	MPRN 5	MPRN 6	MPRN 7	MPRN 8	MPRN 9	MPRN 10
Day 1	1								1	
Day 2	1		1						1	
Day 3	1	1				1			1	
Day 4	1	1							1	
Day 5	1	1				1	1		1	
Day 6	1	1					1			
Day 7	1	1		1		1	1			
Day 8	1	1					1			
Day 9	1	1				1	1			
Day 10	1	1					1			
Day 11	1	1				1	1			
Day 12	1	1					1			
Day 13	1	1				1	1			
Day 14	1						1			
Day 15	1					1	1			
Day 16	1						1			1
Day 17	1					1	1			1
Day 18	1						1			1
Day 19	1					1	1			1
Day 20	1						1			
Day 21	1						1			
Day 22	1						1			
Day 23							1			
Day 24	1					1	1			
Day 25	1						1			
Day 26	1					1	1			
Day 27	1						1			
Day 28	1					1				
Day 29	1									
Day 30	1									
Day 31	1									
<b>Total</b>	<b>29</b>	<b>12</b>	<b>0</b>	<b>1</b>	<b>14</b>	<b>21</b>	<b>0</b>	<b>5</b>	<b>4</b>	<b>0</b>
<b>Percentage</b>	<b>93.55%</b>	<b>38.71%</b>	<b>0.00%</b>	<b>3.23%</b>	<b>45.16%</b>	<b>67.74%</b>	<b>0.00%</b>	<b>16.13%</b>	<b>12.90%</b>	<b>0.00%</b>

4. Read submission would be measured by the receipt of a Valid Reading, accepted into CDSP systems, including those not explicitly subject to Validation (re: M5.8.3) but deemed valid for performance purposes. The relevant percentage would be calculated for each Performance Period, calculated as the straight average of each Performance Month without any weighting for the number of days in each month and so, for example, where a Performance Period included the months of January, February and March, February’s performance would have equal weighting as those of January and March in determining the performance over the Performance Period, which will be set initially as a 3 month period, and set on an annual basis by the PAC.
5. Following a change of Shipper, Supply Point Valid Reading performance will be reset for the new Shipper. Performance measurement will begin from the 1st day of the next Performance Period after the change of Shipper for the Supply Point and so allowing complete months to be measured.
6. Any Supply Meters that move into Class 2 or 3 from Class 1 or 4 after the first day of the month will be considered against the Performance Period from the start of the subsequent month – i.e. the start of the next Performance Month.
7. Any Supply Meters that move from Class 3 to Class 2 or vice-versa during the Performance Period will have to meet the Valid Meter Reading submission level of the lower target for the whole of the Performance Period.
8. Reporting will be produced and sent to Shippers by the 20th day of each month and will highlight to Shippers all Supply Points where the individual Performance Measure has fallen below the Minimum Performance Standard.

Notification and backing data containing the individual Supply Points will be sent to the relevant Shipper(s). Summary reporting will also be delivered to the PAC in a timely manner.

9. Affected Shippers will be obliged to change the class of the relevant Supply Points to Class 4 at the earliest opportunity, but in any event the transfers must be completed within 20 calendar days from receipt of the report. The only exceptions to this are

i) any Supply Points where the Class 1 Requirement applies during the Performance Period – including, for the avoidance of doubt, those where the Supply Meter Point is comprised in a Supply Point in respect of which the circumstances set out in the Class 1 Ratchet Charge Guidance Document apply.

ii. any Supply Points where the supplier has changed during the Performance Period or prior to the reclassification of the Supply Point. Where a change of supplier occurs during the Lock-Out Period then the Lock-Out period will immediately end.

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10. To allow for faulty meters and problematic sites any Shipper that achieves the Minimum Performance Measure for:
- a) at least 90% of their Class 2 Supply Meter portfolio shall not be required to reclassify any existing Class 2 Supply Meters to Class 4
  - b) at least 90% of their Class 3 Supply Meter portfolio shall not be required to reclassify any existing Class 3 Supply Meters to Class 4.
11. The Performance Measure will be solely based on the Performance Period. Any improvement in performance after a Performance Period, but prior to the registration into Class 4, will not be considered and cannot be used as a reason for non-registration into Class 4. Once a Supply Point is determined to have failed the Performance Target for a Performance Period the Supply Point will be required to be reclassified – regardless whether performance subsequent to the Performance Period, but prior to reclassification, improves such that the Supply Point would not have failed the Performance Target in the subsequent Performance Period.
12. If the identified poor performing Supply Points have not been registered and become effective into Class 4 within 20 days of receipt of the reports by Shippers, the CDSP will reclassify these Supply Points to class 4 as soon as is practical. For the avoidance of doubt, any poor performing sites that fail the target will remain in the Performance Contributing Portfolio and will continue to contribute to any subsequent Performance Period measures until they are registered into Class 4

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13. Any Supply Points in Classes 2 and 3 transferred to Class 4 due to the failure to meet the minimum Performance Measure at the Supply Meter may not be transferred to Classes 2 and 3 for a minimum Lock-out period, which will initially be set at (3) months, from their transfer into Class 4. This Lock-Out Period will be determined on an annual basis by the PAC. This condition will not apply after a change of Shipper where the new Shipper will be able to change any Class 4 Supply Point into Class 2 or Class 3 in line with normal UNC timescales. This Lock-Out period will not apply to a Supply Point that requires to be re-registered from Class 4 to Class 1.
14. New reports will need to be added to the Performance Assurance Reports Register (PARR) in order to provide Shipper performance in adhering to the criteria specified in this Modification. These are included below.

### Workgroup Review of this Proposed Variation

Workgroup 0664 considered these amendments on the 28th July 2020, agreeing that they, along with the Legal Text provided by Cadent appropriately addresses the concerns which had been identified during the Consultation of Modification 0664.

The Workgroup believe that these changes better facilitate relevant objectives ( ) and would request that UNC Panel in August 2020, re-issue for further consultation as a consequence of these changes/proceed for Authority Direction with the recommendation in the Supplemental report and the Variation request [delete as appropriate]

### Proposer's Representative

Mark Jones

### Proposer

SSE