

UNC Workgroup Report	At what stage is this document in the process?
<h1>UNC 0691S:</h1> <h2>CDSP to convert Class 2, 3 or 4 meter points to Class 1 when G1.6.15 criteria are met</h2>	<div style="display: flex; flex-direction: column; gap: 5px;"> <div style="border: 1px solid #ccc; border-radius: 5px; padding: 2px; display: flex; align-items: center; gap: 5px;"> 01 Modification </div> <div style="border: 1px solid #ccc; border-radius: 5px; padding: 2px; display: flex; align-items: center; gap: 5px;"> 02 Workgroup Report </div> <div style="border: 1px solid #ccc; border-radius: 5px; padding: 2px; display: flex; align-items: center; gap: 5px;"> 03 Draft Modification Report </div> <div style="border: 1px solid #ccc; border-radius: 5px; padding: 2px; display: flex; align-items: center; gap: 5px;"> 04 Final Modification Report </div> </div>
<p>Purpose of Modification:</p> <p>This Modification proposes that where the requirement for a Class 2, 3 or 4 meter point to become Class 1 (number of calculations and number of months) has been met, and the Shipper has not taken steps to convert the site to Class 1 within a [1 month] grace period, that the CDSP would take steps to convert the meter point to Class 1.</p> <p>The Modification also proposes a new Performance Assurance report of sites where the CDSP has taken action, over the previous 12 months.</p>	
	<p>The Workgroup recommends that this modification should be:</p> <ul style="list-style-type: none"> subject to self-governance <p>The Panel will consider this Workgroup Report on 18 October 2019. The Panel will consider the recommendations and determine the appropriate next steps.</p>
	<p>High Impact: None</p>
	<p>Medium Impact: Shippers, CDSP, DM Service Providers</p>
	<p>Low Impact: Gas Transporters, affected End Consumers</p>

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Timetable

The Proposer recommends the following timetable:

Initial consideration by Workgroup	29 April 2019
Workgroup Report presented to Panel	17 October 2019
Draft Modification Report issued for consultation	18 October 2019
Consultation Close-out for representations	08 November 2019
Final Modification Report available for Panel	14 November 2019
Modification Panel decision	21 November 2019

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Commented [RH1]: New Proposer will be required once Kate leaves

1 Summary

What

This Modification proposes that the CDSP is given an obligation to convert Class 3 and 4 meter points to Class 1, where they have met the Class 1 qualifying criteria but have not been actioned by the Shipper within a set time frame. The intention is to limit the time period when very large sites are subject to NDM Demand Estimation, as opposed to being Daily Metered.

For the avoidance of doubt this Proposal envisages a similar obligation for Class 2 meter points which have met the Class 1 criteria, even though they are already daily metered. This would ensure that very large sites are subject to Class 1 read submission timings and central service provision.

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Why

The Unidentified Gas Task Force (as established by UNC Modification 0658) has determined that very large sites which are above the Class 1 threshold but remain as either Class 3 or Class 4 can contribute to daily UIG volatility. This is because their daily gas allocation will be determined using the Non-Daily Metered (NDM) Demand Estimation Algorithm rather than using their actual metered consumption.

Although any differences between allocated and actual consumption will be corrected by meter point reconciliation, these sites may have an irregular usage pattern and the NDM Algorithm may not be a good estimate of the actual consumption, with any difference being a component of UIG each day.

Based on the findings of the UIG Task Force, as at December 2018 just 12 sites were contributing 0.85% of national LDZ throughput to annualised UIG and up to 0.3% of national LDZ throughput to daily UIG volatility.

Measures to shorten the period between qualification and conversion to Class 1 would help to reduce daily UIG volatility. Including existing Class 2 sites within this Proposal would ensure that very large sites are subject to Class 1 meter read submission timings. This should help to reduce the volatility of UIG between D+1 and D+5 and could also improve meter read submission levels through the use of a central service.

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How

This Modification proposes that after the qualifying period for the requirement for a meter point to become Class 1 is met, where the meter point is currently Class 2, 3 or 4, and where there is no evidence that the Shipper has taken all reasonable steps to convert the meter point to Class 1 within a grace period of 1 month that the CDSP would have an obligation to convert the meter point to Class 1 and advise the relevant Shipper of the changes.

This would include arranging for the installation of daily reading equipment, where this is not already in situ.

This Modification also seeks to introduce an additional report to Performance Assurance Committee (and a corresponding anonymised report) in the Performance Assurance Report Register of the count and aggregate AQ of meter points where the CDSP is in the process or has completed work to convert to Class 1, over the previous 12 month period.

Note: a separate UNC Modification Proposal will consider possible reduction of the qualifying period for Class 1, so that is out of the scope of this Proposal.

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2 Governance

Justification for Self-Governance

This Modification is recommended for self-governance procedures, on the basis that it is a minor change to industry governance and seeks to improve take-up of Class 1, and thereby reduce UIG volatility.

This Modification does not seek to prescribe any change to end consumer billing arrangements, which are at the discretion of the Supplier. Meter points with an AQ above 732,000 kWh should already have a daily reading capability.

Requested Next Steps

This modification should:

- be considered a non-material change and subject to self-governance
- be assessed by a Workgroup

3 Why Change?

The current arrangements do not provide sufficient incentive for meter points to be moved to a Class 1 service, once the qualifying criteria are met. If there is a delay, Class 3 and 4 meter points will be subject to NDM Allocation, based on a standard national profile, rather than being allocated energy based on its actual daily usage. Class 2 meter points would have until the end of D+1 to submit a meter reading and would not be subject to the centralised service provision for daily meter reads (pending any recommendations from Review Proposal 0694 – CDSP provision of Class 1 Read service).

Based on the findings of the UIG Task Force, as at December 2018 just 12 sites were contributing 0.85% of national LDZ throughput to annualised UIG and up to 0.3% of national LDZ throughput to daily UIG volatility.

4 Code Specific Matters

Reference Documents

UIG Task Force findings:

<https://www.xoserve.com/media/1492/321-inaccurate-or-out-of-date-aqs-non-daily-metered-euc09-sites.pdf>

Knowledge/Skills

A knowledge of the daily reading process would be useful.

5 Solution

This Modification proposes that after the qualifying period for the requirement for a meter point to become Class 1 is met, where the meter point is currently Class 2, 3 or 4, and where the Shipper has not taken steps (e.g. submitted a re-confirmation to Class 1) to convert the meter point to Class 1 within a grace period of [1 month] that the CDSP would have an obligation to convert the meter point to Class 1 and advise the relevant Shipper of the changes.

This would include arranging for the DM Service Provider to include the meter point in their daily reading files to the CDSP.

This Modification also seeks to introduce an additional report to Performance Assurance Committee (and a corresponding anonymised report) in the Performance Assurance Report Register ([PARR](#)) of the count and aggregate AQ of meter points where the CDSP is in the process or has completed work to convert to Class 1, over the previous 12 month period.

For the avoidance of doubt, this Modification does not propose to change the G1.6.15 rules as far as they relate to the Class 1 requirement, as that will be subject to a separate Modification [Proposal](#).

A change to the Data Services Contract may also be required, as well as a charging methodology. It is envisaged that the relevant Shipper would bear any specific CDSP costs of converting the meter point to Class 1, including any administration costs.

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6 Impacts & Other Considerations

Does this modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

None

Consumer Impacts

This Modification does not seek to prescribe any change to end consumer billing arrangements, which are at the discretion of the Supplier. Meter points with an AQ above 732,000 kWh should already have a daily reading capability.

Cross Code Impacts

A similar Modification may be required to IGT UNC. It is not anticipated a SPAA change would be required but [the Proposer would](#) welcome feedback from the Suppliers or the [relevant parties at](#) CACoP.

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EU Code Impacts

None

Central Systems Impacts

CDSP systems will need to be changed to identify sites which have met or are approaching the qualifying threshold and to produce the additional reports and notifications to Shippers. The CDSP will need to establish processes to undertake the conversion to Class 1, including liaising with providers of daily reading equipment, where that is not already fitted at the meter point. The CDSP may need to put commercial contracts in place for the procurement of daily reading services.

[Pending any recommendations from Review Proposal 0694 – CDSP provision of Class 1 Read service,](#) the CDSP may also need to liaise with DM Service Providers to set up the meter point as Class 1.

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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.	Positive
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.	Positive
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

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Use of Class 1 instead of Classes 2, 3 and 4 would lead to greater accuracy of daily allocation, less UIG volatility and lower levels of subsequent meter point reconciliation.

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[Workgroup agreed with the case set out by the Proposer for Relevant Objective d\) above.](#)

[Workgroup discussed whether the changes will have a positive effect on network planning \(where daily read equipment is required\) in order to positively impact Relevant Objective a\).](#)

[On balance there is likely to be a small positive impact here, perhaps more so for those changing from Class 3 and 4 to Class 1.](#)

[Workgroup was unsure whether there would be an effect on Relevant objective b\).](#)

8 Implementation

After a Modification Panel decision to implement, subject to no Appeal being raised, the CDSP would need to confirm the delivery timescales for the changes to processes and systems. A Change Proposal will also be required to determine the cost of changing the CDSP's systems and processes, including any reports for PAC.

9 Legal Text

Text Commentary

Legal text to be provided.

10 Recommendations

Workgroup's Recommendation to Panel

The Workgroup asks Panel to agree that:

- This [self-governance] modification should proceed to consultation.
- This proposal requires further assessment and should be returned to Workgroup.