

UNC Workgroups 0884/A Minutes
0884 - Extending the PC4 Read Submission Window
0884A - Extending the PC4 Read Submission Window from 25 to 45
Supply Point System Business Days
Thursday 22 August 2024
via Microsoft Teams

Attendees		
Kate Elleman (Chair)	(KE)	Joint Office
Nikita Bagga (Secretary)	(NB)	Joint Office
Paul McKie (Observer)	(PM)	Joint Office
Andy Clasper	(AC)	Cadent Gas
Andy Knowles	(AK)	Utilitia Energy
Catriona Ballard	(CB)	Brookgreen Supply
Charlotte Gilbert	(CG)	BU-UK
David Mitchell	(DMi)	Southern Gas Networks
David Morley	(DMo)	OVO Energy
Edward Allard	(EA)	Cadent Gas
Elisa Panciu	(EP)	Corona Energy
Fiona Cottam	(FC)	CDSP
John Harris	(JH)	CDSP
Josie Lewis	(JL)	CDSP
Karen Marklew	(KM)	Xoserve
Kathryn Adeseye	(KA)	CDSP
Lee Greenwood	(LG)	Centrica
Marina Papatoma	(MP)	Wales & West Utilities
Mark Jones	(MJ)	SSE
Michelle Niits	(MI)	Correla
Oorlagh Chapman	(OC)	Centrica
Steve Mulinganie	(SM)	SEFE Energy Limited
Susan Helders	(SH)	Northern Gas Networks
Tracey Saunders	(TS)	Northern Gas Networks
Tino Timire	(TT)	Joint Office
<p><i>The Workgroup Report is due to be presented at the UNC Modification Panel by 16 January 2025.</i></p> <p><i>This Workgroup meeting will be considered quorate provided at least two Transporter and two Shipper User representatives are present.</i></p> <p><i>Please note these minutes do not replicate detailed content provided within the presentation slides, therefore it is recommended that the published presentation material is reviewed in conjunction with these minutes. Copies of papers are available at: https://www.gasgovernance.co.uk/0884/220824.</i></p>		

1. Outline of Modifications

David Morley (DMo) provided an overview of the Modification advising that the review group for Modification 0851R ran for several months in which the Workgroup finalised the details for of the Business Rules for Modification 0884. Steve Mulinganie (SM) raised the alternate which seeks to amend the Supply Point System Business Days (SPSBD) from 80 days to 45 days.

Where there is an issue preventing a read from being loaded into settlement and it cannot be resolved within the 25 SPSBD, the read becomes unusable and another read would need to be obtained. Where alternative reads cannot be obtained for a while, this can have further impacts such as an increase in UIG.

The solution in place was to expand the SPSBD window and the use of staggered benchmarks was considered as part of Business Rule 3. The Business Rules would enable the Performance Assurance Committee (PAC) to request reporting from the CDSP. Within Modification 0851, the CDSP provided analysis on the number of reads that currently flow through the settlement system.

The issue of gaming was discussed by the Workgroup as a potential issue as a result of expanding the window. An RFI was conducted and within that, it was noted that circa. 95% of reads are submitted within 10 working days and a validation is automatically conducted. The staggered benchmarks are staggered in a way to enable more reads at the end of the window where the system is unable to do this automatically.

The concept of the “sweet spot” was highlighted and SM and the CDSP discussed what the ideal expansion of the SPSBD window would be where the settlement process is not impacted. Where reads are obtained within 45 working days, it can be expected that the majority of reads will be available for the settlement month.

SM provided an overview of Modification 0884A, stating that DMO’s proposal was welcomed. The sweet spot issue is not seen as a risk. Historically parties who have moved to optimising have been moved to Class 3.

SEFE Energy Limited recognises that there is an issue and welcomes proposals. In the alternate Modification 0884A, SEFE Energy Limited does not propose to remove or replace information which has been retained. SM highlighted that he believes “obtained” remains the better wording to be used in the contract, however, the intention with Modification 0884A does not involve replacing “required” with “obtained”. It only intends to change the SPSBD to 45. DMO advised that the “obtained” vs. “required” argument is based on the reporting. Where this wording is seen as problematic, OVO Energy is happy to consider adopting a Business Rule in relation to reporting to maintain the status quo regarding “obtained” readings. SM highlighted that the word “required” may be disadvantageous for PAC.

Kathryn Adeseye (KA) queried whether PAC had been consulted on what their preference is in terms of the “obtained” vs. “required” argument.

Fiona Cottam (FC) highlighted the difficulty PAC has is that the 25 SPSBD means they cannot see statistics on reporting for Class 4 until month +2. PAC therefore does not want a lack of engagement from Industry for the equivalent of 4 months. Where the wording is amended to “required”, the reads can be measured and PAC will not need to wait.

SM highlighted that the counter-argument isn’t simplifying the basis of the test, it is the dynamic approach that evolves. Where reads are submitted within 10 working days, the information can be based on a 10-day position for performance to be managed more dynamically based on assumptions. Where “required” is used, there is no ambiguity, however, “obtained” was highlighted by SM as being a more appropriate term for the contract, albeit more difficult.

DMO queried where the wording is not changed, whether PAC would be able to get reporting on sites which had not been re-submitted or whether the wording would need to be required. The Workgroup continued to discuss the reporting convention for PAC and the “obtained” vs “required” wording.

SM highlighted Business Rule 2 and that PAC will need to understand how to manage the implementation of this.

Kate Elleman (KE) highlighted that PAC have accepted that there is a delay in reporting. This Modification intends to re-open the debate in terms of the reporting works. Workgroup will need to consider the benefits in terms of the wording to be used and the ideal SPSBD.

KA queried what SM meant by using the wording “relevant reads”. “Relevant reads” was used

as this means the Business Text will not need to be explicit. SM further queried what the Business Rules created by DMO stated. The Workgroup continued to discuss the wording to ensure that there is no ambiguity.

KE concluded that the Workgroup appear to agree that the current wording in the Code works. Keeping the word “obtained” appears to be the most appropriate way forward as opposed to changing the wording to “required”.

The Workgroup discussed putting forward these discussions to PAC to obtain their views to help form the Modification.

New Action 0801: CDSP to determine if there are any consequential impacts in terms of domestic and non-domestic for 45 and 80 SPSBD.

KA discussed the production of the Rough Order of Magnitude (ROM) further down the line to assist in determining costs. SM discussed requiring the ROM relatively quickly to determine whether to withdraw the alternate.

KE discussed that the Workgroup will need to consider whether 2 separate Modifications are required if the only conflict is in relation to the proposed SPSBD. At the next Distribution Workgroup in September 2024, where it is concluded that there are no unintended consequences or no downstream impacts, it may be appropriate to review whether the alternative Modification could be withdrawn if changes were made to 0884 around the number of SPSBD and reverting back to “obtained”.

New Action 0802: Joint Office (KE) to notify the PAC chair to consider the interim reporting consideration as a result of Modification 0844/0844A

For further information and details, please refer to the presentation slides published.

2. Initial Discussion

2.1. Issues and Questions from Panel – 0884/A

2.1.1. What happens if BR2 creates a concept of required reads; is there some sort of consequence which PAC may wish to introduce?

This item was deferred until September 2024.

2.1.2. Is the modification likely to improve settlement performance?

This item was deferred until September 2024.

2.1.3. Ensure clear reasoning is given behind the selection of each benchmark.

This item was deferred until September 2024.

2.1.4. By replacing Obtained with Required do we create an unintended consequence that parties would not have to submit reads they have Obtained that are not required under UNC?

This item was deferred until September 2024.

2.1.5. Consider potential interaction with Modification 0883 and any gaming opportunities.

This item was deferred until September 2024.

2.1.6. Consider potential impacts to invoicing and settlement delays

This item was deferred until September 2024.

2.1.7. Consider whether change to "obtained" wording should be included in 0884A

This item was deferred until September 2024.

2.2. Initial Representations

This item was deferred until September 2024.

2.3. Terms of Reference

This item was deferred until September 2024.

3. Next Steps

Workgroup are to consider:

- The downstream impacts for domestic and non-domestic; and
- Whether the alternative Modification can be withdrawn if changes are made to 0884; and
- What the ROM will look like.

4. Any Other Business

None.

5. Diary Planning

0884 Meetings are listed at: <https://www.gasgovernance.co.uk/0884>

Further details of planned meetings are available at: www.gasgovernance.co.uk/events-calendar/month

0884/0884A Workgroup Action Table						
Action Ref	Meeting Date	Minute Ref	Action	Reporting Month	Owner	Status Update
0801	22/08/24	1.0	CDSP to determine if there are any consequential impacts in terms of domestic and non-domestic for 45 and 80 SPSBD.	Sept 2024	CDSP	Pending
0802	22/08/24	1.0	Joint Office (KE) to notify the PAC chair to consider the interim reporting consideration as a result of Modification 0844/0844A	Sept 2024	Joint Office (KE)	Pending