

Representation - Draft Modification Reports

UNC 0633 - Mandate monthly read submission for Smart and AMR sites from 01 December 2017

UNC 0638 - Mandate monthly read submission for Smart and AMR sites from 01 April 2018

Responses invited by: 5pm on 20 November 2017

To: enquiries@gasgovernance.co.uk

Representative:	Andrew Margan
Organisation:	Centrica Plc
Date of Representation:	20 Nov 2017
Support or oppose implementation?	0633 – Oppose 0638- Support
Preference:	0638
Relevant Objective:	d) Positive

Reason for support/opposition: Please summarise (in one paragraph) the key reason(s)

Both proposals seek to introduce the CMA obligation for Smart Meter and AMR equipment to submit monthly reads into settlement. Modification 0633 seeks to introduce a 01 December 2017 Code implementation date. The CMA (Gas Settlement) Order implementation date is 01 April 2018. Modification 0638 implementation aligns to the CMA Order and seeks to introduce a 01 April 2018 Code implementation date or similar to be directed by the Gas Transporters.

Whilst Modification 0633 does not mandate if this is a system solution or not, however meter read provision is reliant upon robust IS processing and reads are transmitted from metering equipment to head end systems, to central systems, which also includes required validation activity. IS projects of this nature are complex and require long lead times to implement. Given system changes are required, industry Code rules mandate there is a 6 months' notice period for system changes. Following the CMA direction, industry parties are already in the process of meeting the 01 April 2018 implementation date, any earlier implementation date is not achievable.

A review of the CMA Order implementation date was undertaken through 0594R Workgroup. This review was open to all parties and during this process no party requested an earlier implementation date.

As Modification 0633 does not take into account the CMA Order and position letter, nor implementation guidelines and risks placing multiple parties in breach of Code, we do not support it.

Modification 0638 does take into account of the above considerations and aligns the Code implementation date to the CMA (Gas Settlement) Order and 0594R findings, we therefore support its implementation.

Implementation: *What lead-time do you wish to see prior to implementation and why?*

Implementation is possible on 01 April 2018, but not before.

Impacts and Costs: *What analysis, development and ongoing costs would you face?*

Given the very compressed timescales of Modification 0633 we have not been able to assess the costs associated with an earlier implementation. We believe this activity would be a waste of resource given focus is already on delivering an April 2018 implementation and an earlier date is unachievable.

Modification 0638 has no additional costs as it delivers the CMA Order.

Legal Text: *Are you satisfied that the legal text will deliver the intent of the Solution?*

We note that both proposals have implementation dates stated within the solution. We note Legal Text does not contain any fixed implementation dates. We were happy to accept the Transporter guidance on this subject.

We also note that Legal Text Section M (b) 5.9.1 refers to Monthly Read Meter. We believe neither proposal is seeking to define these sites as Monthly Read Meters in the traditional sense. Therefore we would welcome clarity to confirm if the Legal text complies with the Modification 0633/638 solution. At first glance we believe the Text does not align to the solutions and requires amendment.

Modification Panel Members have requested that the following questions are addressed:

Q1: Is this proposal inconsistent with the CMA requirement?

We believe both proposals are inconsistent with the CMA requirement. The CMA Order contains a reasonable endeavours obligation to obtain and submit reads. Both UNC Modifications mandate an absolute obligation to submit reads for every Smart and AMR meter. Connectivity issues could prevent the receipt of a read. This could prevent a read being submitted into settlements. Also with the DCC central system not being ready, it should be noted that churned meters (post CoS) often no longer run in 'smart-mode', therefore reads are not sent to the new supplier. This will prevent the gaining supplier and relevant shipper being compliant with Code until they undertake further action.

We believe that if development of the Modifications was not undertaken within such tight timescales, these issues could have been addressed and solutions amended before the proposals were issued to consultation.

As a way forward, if both modifications are rejected a Variation Request could be raised to address the solution deficiencies. If either proposal is approved, we believe a new modification will be required to better align UNC obligations to Licence obligations.

Q2: Do you believe there are any implications and/or consequential impacts that this proposal might have on Transporters' "must read" obligations?

There is absolutely no linkage between either of these proposals and the Transporter Must Read obligations. Whilst Modification 0633 is silent on the matter, Modification 0638 is clear that the proposal does not amend the meter read flag obligations.

It is worth noting that within the gas industry there are two processes that use the term Monthly Read. We believe this may have caused the confusion. The original use of the term is applied to sites based on their consumption, with larger sites having an obligation to submit monthly reads. For these sites, Must Read obligations kick-in after 4 months if a read is not provided.

The other use of the term was introduced through Nexus BRDs and relates to metering technology. Specifically Smart Meter and AMR equipment that can submit monthly reads. The two processes must not be confused.

It should be noted that neither Modification proposals seek a change to the Must Read arrangements. If parties wish to amend these arrangements, a separate Modification, or potentially a DSC Change will be required. It may be appropriate to amend one of the monthly read terms to avoid future confusion.

Are there any errors or omissions in this Modification Report that you think should be taken into account? *Include details of any impacts/costs to your organisation that are directly related to this.*

We request there is clarification of the implementation timescale rules. We understand across every code there are implementation timescale rules depending upon whether the change is Admin, Document or Systems. We believe this should be clarified alongside the Transporter implementation notification obligations.

To our knowledge the gas and electricity industry should not mandate system changes with less than six months notice.

We believe this clarity will help prevent parties in the future seeking changes which cut across these rules.

Please provide below any additional analysis or information to support your representation

We note that Modification 0633 states more reads will result in reduced UIG. No party can be sure if more reads will increase or decrease the final UG position and there has not been any evidence presented to support this. The only statement that is true is that more reads will mean the industry settles energy more quickly, which will reveal the true UG cost (higher or lower) earlier.