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16<sup>th</sup> November 2017  
Your Reference: UNC Modification Proposals 0633 and 0638

UNC Modification Proposals 0633 and 0638 - Mandate monthly read submission for Smart and AMR sites from 01 April 2018 and Mandate monthly read submission for Smart and AMR sites from 01 December 2017

Dear Bob,

Thank you for your invitation seeking representations with respect to the above Modification Proposals both of which Cadent supports.

### **Do you support or oppose implementation?**

Support both.

### **Preference**

Prefer 0638.

**Relevant Objective:** d) Positive for both.

### **Reason for support/opposition:**

We believe that the measures identified within both Modification Proposals facilitate GT Licence 'relevant objective' d) 'Securing of effective competition between relevant Shippers.....' for the following reasons:

Cadent welcomes measures which require an increased volume of Meter Reading submissions to the CDSP. Increased read frequency is a proven way to improve the accuracy of Annual Quantities (AQs) and for timely Individual Meter Point Reconciliation to occur.

## Implementation

We understand that Modification 0633 would be implemented effective from 1<sup>st</sup> December 2017 and 0638 effective from 1<sup>st</sup> April 2018.

## Impacts and Costs

No impacts or costs have been identified.

## Legal Text

Cadent is satisfied that the legal drafting and supporting text commentary contained within the Draft Modification Report meets the requirements and intent of both Modifications (see below for further comment relating to the legal text)

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

*Q1: Is this proposal inconsistent with the CMA requirement?*

We note that each proposal does not correspond with the precise terms of the CMA Gas Settlement order. In particular we have identified that the order requires Gas Suppliers to “take all reasonable steps to obtain a Valid Meter Reading at least once per month”. With respect to this we would observe that the UNC Shipper User obligations are therefore more onerous than that required by the CMA order for Gas Suppliers.

However, as described above, from a perspective of improving UNC settlement processes and maximising the benefits of the enhanced UNC arrangements introduced under Project Nexus we are supportive of measures which advocate the submission to the CDSP of an increased volume of Meter Readings.

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

Each proposal as drafted does not preclude Transporters from seeking to procure ‘must reads’ under the terms of UNC TPD Section M5.10 ‘Failure to obtain readings’. The terms of Section M5.10.2 (a) provide that a Transporter is able to exercise discretion on whether it elects to procure ‘must reads’ and at this time it is Cadent’s practice to obtain these for Monthly Read Supply Meters. However, given that under each Modification the volume of Monthly Read Supply Meters would increase significantly, we believe it would be necessary to review our policy accordingly. One matter of uncertainty is whether the CDSP is able to identify and distinguish AMR and Smart Supply Meters from the prevailing Monthly Read Supply Meter population which are eligible for ‘must reads’?

We note that some parties have expressed a concern that a GT might elect to undertake such ‘must reads’. We find this surprising as given the automated nature of the read procurement and submission of Meter Readings it is logical to assume that failure to provide reads for this category of Supply Meter would be rare? Furthermore we believe it is reasonable to assume that parties may well be encouraged to ensure correct operation of read equipment in the knowledge that failure would otherwise lead to the likelihood of a ‘must read’ occurring.

Notwithstanding the above, and noting the uncertainty in the functionality of UK-Link, Cadent would not initiate 'must reads' at Supply Meters over and above the present Monthly Read population of Supply Meters without first consulting with the industry.

**Are there any errors or omissions in this Modification Report that you think should be taken into account?**

We note that the legal text is identical for both Modifications (despite the 'Solution' within each proposal identifying a specific effective date for the new provisions) and that the Proposals differ only in respect of when implementation would occur. This is an unusual approach which we understand has been adopted with the consent of each proposer. Therefore on this occasion we do not view this as a significant process impediment although we have a minor concern that this may create an undesirable precedent.

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

We have not identified any additional analysis or information.

We trust that this information will assist in the compilation of the Final Modification Report. Please contact me on 07778 150668 ([chris.warner@cadentgas.com](mailto:chris.warner@cadentgas.com)) should you require any further information.

Yours sincerely,

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