













UNC Workgroup Report		At what stage is this document in the process?
<h1>UNC 0647:</h1> <h2>Opening Class 1 reads to Competition</h2>		<div>01 Modification</div> <div>02 Workgroup Report</div> <div>03 Draft Modification Report</div> <div>04 Final Modification Report</div>
<p>Purpose of Modification:</p> <p>This modification proposes to Open Class 1 reads to competition by introducing common arrangements for Class 1 and 2 by removing the DNO obligation to provide a Daily Read service to Shippers for non-telemetered Class 1 Supply Meter Points. This does not affect arrangements for directly connected telemetered NTS Supply Meter Points.</p>		
	<p>The Workgroup recommends that this modification should be:</p> <ul style="list-style-type: none"> subject to Authority Direction returned to Workgroup for further assessment <p>The Panel will consider this Workgroup Report on 20 June 2019. The Panel will consider the recommendations and determine the appropriate next steps.</p>	
	<p>High Impact:</p> <p>None</p>	
	<p>Medium Impact:</p> <p>Shippers, Transporters, IGTs, CDSP</p>	
	<p>Low Impact:</p> <p>Suppliers, Consumers</p>	

Contents		 Any questions?
1	Summary	3
2	Governance	4
3	Why Change?	4
4	Code Specific Matters	4
5	Solution	5
6	Impacts & Other Considerations	9
7	Relevant Objectives	11
8	Implementation	11
9	Legal Text	12
10	Recommendations	12
Timetable		 0121 288 2107
The Proposer recommends the following timetable:		Proposer: Richard Pomroy Wales & West Utilities Limited
Initial consideration by Workgroup	22 March 2018	 enquiries@gasgovernance.co.uk
Amended Modification considered by Workgroup	24 January 2019	 richard.pomroy@wutilities.co.uk
Workgroup Report presented to Panel	18 July 2019	 07812 973337 or 029 2027 8552
Draft Modification Report issued for consultation	TBC	Transporter: Wales & West Utilities
Consultation Close-out for representations	TBC	 richard.pomroy@wutilities.co.uk
Final Modification Report available for Panel	TBC	 07812 973337 or 029 2027 8552
Modification Panel decision	TBC	Systems Provider: Xoserve
		 commercial.enquiries@xoserve.com

1 Summary

This Modification is proposing to open Class 1 reads to competition by passing responsibility for Class 1 reads to Shippers. The definition of Class 1 will be unchanged but the current arrangements peculiar to Class 1 will cease. Class 1 will effectively become the same as Class 2 with the exception that a Class 1 site will be mandatory whereas Class 2 will be elective on the part of the Shipper. Class 1 Supply Meter Points are large and Distribution Network Operators (DNOs) may need to monitor them for the purposes of network management therefore Shippers will have an obligation to provide the DNO access to the meter and corrector to enable them to obtain flow data and pressure data. For the avoidance of doubt, this proposal does not affect arrangements for DNO and National Transmission System (NTS) connected sites that are telemetered, however it does affect Independent Gas Transporter (IGT) Class 1 Supply Meter Points and the one NTS Class 1 Supply Meter Point that is not telemetered.

What

Class 1 reads are a monopoly Transporter obligation and this Modification seeks to remove this restriction (except for NTS directly connected sites and those DNO sites with telemetry) and make Shippers responsible for making their own arrangements for obtaining meter reads at Class 1 Supply Meter Points, alongside the provisions for meter reads for Class 2 sites. The aim is to make the process for Class 1 reads the same as for Class 2 reads unless there are good reasons for different processes. To enable DNOs and NTS to obtain flows and pressure readings to operate their system, they will be given the right to install dataloggers at Class 1 Supply Points and Shippers will need to ensure that DNOs and NTS can access the meter installation and to make the appropriate outputs available. This change will also impact IGTs as under the terms of UNC IGTAD Section E, DNOs provide a daily read service for Daily Metered (DM) Connected System Exit Points (CSEPs).

Why

Standardising the arrangements for meter reads at Class 1 and Class 2 Supply Meter Points will simplify processes and reflect advances in meter reading. It opens up this important meter reading market to competition and brings this market into line with the wider metering market thereby making Shippers responsible for all meter reading¹.

How

This Modification aims to achieve its objective by standardising Class 1 and Class 2 processes by removing the DNO and NTS obligation to provide a Daily Read service for non-telemetered Supply Meter Points. Since Shippers will provide the meter reads, the current requirement for Transporters to submit reads to Shippers by a given time on the Day will cease, as will the payment of liabilities for failure to provide the reads and the provision of the within day hourly reads obtained from Class 1 Supply Meter Points to Shippers. The Shippers will be required to submit meter reads to the same timescales as for Class 2. For the avoidance of doubt the sites with an AQ greater than or equal to 58.6GWh will still be required to be Daily Metered and will continue to be Class 1. DNOs and NTS will acquire a new right to

¹ Transporters read meters on prime and sub-deduct networks for convenience although they are not obligated to do so

install dataloggers at Class 1 sites for System management purposes. It will also amend UNC IGTAD Section E to remove the obligation for DNOs to provide a daily read service for DM CSEPs. The current uncapped liability regime on Transporters will cease removing the small risk of very high uncapped liabilities. It will not be replaced by a regime on Shippers as this is a matter for Shippers to determine in the wider context of meter reading performance and the Performance Assurance regime. There are currently a number of modifications addressing this general area.

It is envisaged a hard cutover from the current Transporter provision to Shipper provision but would consider a **short** transition period if required, namely if Shippers were intending to change from the existing service provider immediately. A non-hard cutover will add complexity to both the legal text and cut-over implementation processes and may add to system related implementation costs for both central systems and the current Daily Metered Service Providers, so a hard cutover is preferred.

2 Governance

Justification for Authority Direction

The removal of the Transporter monopoly meter reading obligation in respect of Class 1 Supply affects competition between Suppliers and Shippers and given the size of the customers concerned Authority Direction is appropriate.

Requested Next Steps

This Modification should:

- be considered a material change and be sent for Authority direction
- should be returned to Workgroup for further assessment.

A one month extension is required to enable the Proposer to consider the ROM provided and next steps.

3 Why Change?

The developments in meter reading mean that Shippers can easily procure meter reading services for Class 1 non-telemetered Supply Meter Points on DNO and NTS systems and opening this area of metering to competition is long overdue. This reform will provide an opportunity to better align processes across Class 1 and 2. As DNOs and NTS may still require some data from Class 1 Supply Meter Points, they will still have the right but not the obligation to install a datalogger at any time on Class 1 Supply Meter Points, should they choose to do so but if they do so, they will have no obligation to provide data to Shippers or to anyone else.

4 Code Specific Matters

Reference Documents

UNC TPD Section M Supply Point Metering,

[https://www.gasgovernance.co.uk/sites/default/files/ggf/page/2018-05/TPD Section M - Supply Point Metering.pdf](https://www.gasgovernance.co.uk/sites/default/files/ggf/page/2018-05/TPD%20Section%20M%20-%20Supply%20Point%20Metering.pdf);

IGTAD Section E, DM CSEPs

[https://www.gasgovernance.co.uk/sites/default/files/ggf/page/2017-07/IGTAD Section E - DM CSEP Supply Points 2.pdf](https://www.gasgovernance.co.uk/sites/default/files/ggf/page/2017-07/IGTAD%20Section%20E%20-%20DM%20CSEP%20Supply%20Points%20.pdf).

Knowledge/Skills

Not relevant.

5 Solution

The Solution will align Class 1 with Class 2 meter reading processes using the same file formats (UDR) and timescales. The existing obligations for Transporters to:

- 1) submit reads to Shippers by a given time on D+1 (TPD M 5.6)
- 2) Perform annual check reads and resynchronisation (TPD M 5.12)
- 3) Make consumption adjustments (TPD M 1.9.2)

will cease and pass to Shippers although time by which reads must be submitted could change

The existing obligation for Transporters to:

- 1) pay liabilities for failure to provide the reads (TPD 7)
- 2) provide within day hourly reads obtained from Class 1 Supply Meter Points to Shippers on request (TPD M 6.5)

will cease, the relevant provisions in the UNC will be deleted (note that TPD M 7.1.4 relating to Special Supply Metering Points may need to be amended and not deleted) and will not be replaced by obligations on Shippers.

DNO and NTS Supply Meter Points where telemetry equipment is fitted are excluded from the provision of this proposal, however so the UNC text needs to ensure that provisions remain for telemetered Class 1 Supply Meter Points where the Transporter owns the read equipment.

Shippers will be required to provide access to the pulse output on the meter or corrector for Transporters to obtain flows and pressures from the meter installation for network management purposes.

DNOs will acquire a new right to install dataloggers at Class 1 Supply Meter Points for System management purposes but will under no obligation to do so and will not be required to provide any data obtained to any other party.

For the avoidance of doubt the Supply Meter Points with an AQ greater than or equal to 58.6GWh will still require to be Daily Metered and will continue to be Class 1.

UNC TPD Section M 8 and IGTAD Section E 2 will be deleted to remove the obligation on DNOs to provide satisfy the Class 1 Meter Reading Requirement for IGT Supply Meter Points In consequence IGTs or Shippers may wish to amend the IGT UNC to align it with the proposed UNC provisions in this proposal.

The UNC TPD related document Guidelines for Sub-Deduct Arrangements (Prime and Sub-deduct Meter Points) will need to be reviewed and amended to reflect the changes in Class 1 arrangements.²

² TPD G 1.8.8 provides that changes are approved by by Panel Majority of the Uniform Network Code Committee) but interestingly this document is not included in the list of documents subject to UNCC governance in TPD V12.1

Transition

There will be a transition period of three months by the end of which the Shippers must be submitting Class 1 reads. Before the start of the transition period the Shipper will provide a date to the CDSP from which it will take over the Class 1 read obligation. During the transition period this can be varied by notice to the CDSP. Up to this date the Transporter will remain responsible for the Class 1 read obligation. The liability arrangements will cease at the start of the transition arrangements for all Class 1 Supply Meter Points so no liabilities will be paid during the transition period. The reason for this is that the calculation of liabilities during this period would be extremely complex for example dealing with part months so it is simpler to cease the regime at the start of the transition period. If a Supply Meter Point becomes Class 1 on the or after the first Day of the transition period then the Shipper will be responsible for meeting the Class 1 read obligation. Assuming the system changes are implemented in the June 2020 implementation the transition period will start from the date of implementation of the June 2020 release and end on 30th September 2020.

Cutover

Following the cutover from DNO and NTS provision to Shipper provision there could be circumstances when the previous DMSP needs to submit reads. Examples include late reads which can be submitted up to D+5 and consumption adjustments. These arrangements will also be required for any subsequent changes of DMSP by Shippers.

Given the number of Class 1 Supply Meter Points these probably do not need to be system based arrangements but this needs further analysis.

Summary table of major changes in provisions with timing

Note the table below refers to the Gas Flow Day for which the Transporter or Shipper is responsible for the Class 1 read. These reads are then usually provided to the CDSP on the Day after the Gas Flow Day to which they relate; however they can be provided up to and including 5 Days after the Gas Flow Date.

A definition of Transition Period may be useful. This will start the Day following the implementation of the June 2020 CDSP system changes and end on 30th September 2020.

Transporter obligation	Provision end or start date	Shipper obligation	Provision start or end date
TPD M 1.9.2 Make consumption adjustments	Ends on Day before the Gas Flow Day during transition period from which Shipper takes over responsibility for Class 1 read and otherwise on last Gas Flow Day of transition period.	Make consumption adjustments	Starts on Gas Flow Day during transition period from which Shipper takes over responsibility for Class 1 read and otherwise on Gas Flow Day following last Day of transition period
TPD M 5.6 Submit reads to Shippers by 11am on D+1	Ends on Day before the Gas Flow Day during transition period from which Shipper takes over responsibility for Class 1 read and otherwise on last Gas Flow Day of transition	Shippers shall submit reads by [3pm] on D+5, but shall use reasonable endeavours to submit reads by [3pm] on D+1	Starts on Gas Flow Day during transition period from which Shipper takes over responsibility for Class 1 read and otherwise on Gas Flow Day following last Day of

	period.		transition period
TPD M 5.12 Perform annual check reads and resynchronisation	Ends on Day before the Gas Flow Day during transition period from which Shipper takes over responsibility for Class 1 read and otherwise on last Gas Flow Day of transition period.	Perform annual check reads and resynchronisation	Starts on Gas Flow Day during transition period from which Shipper takes over responsibility for Class 1 read and otherwise on Gas Flow Day following last Day of transition period
TPD M 5.13 Daily Read Error (this is about Shippers being able to challenge a Transporter Daily Read	Ends on Day before the Gas Flow Day during transition period from which Shipper takes over responsibility for Class 1 read and otherwise on last Gas Flow Day of transition period	PAC may want to consider whether there should be some ability to challenge Shipper reads for all Supply Meter Points	No obligation
TPD M 6.5 Provide within day hourly reads obtained from Class 1 Supply Meter Points to Shippers on request	Ends on Day before the Gas Flow Day during transition period from which Shipper takes over responsibility for Class 1 read and otherwise on last Gas Flow Day of transition period		
TPD 7 Provision of Daily Read Meter Readings and liability regime	Ends on first Day of transition period (note TPD 7 currently does not applied to telemetered Supply Meter Points see 6.7.2)	PAC may want to consider the subject of liabilities for Shipper Class 1 reads as part of its wider work on read performance	No obligation. Note there is no obligation for Shippers to provide Class 1 reads in a shorter period than for Class 2 reads.
TPD M8 and IGTAD E 2 will be deleted to remove the obligation on DNOs to satisfy the Class 1 Meter Reading Requirement for IGT Supply Meter Points	Ends on first Day of transition period		
		New TPD M By start of transition period nominate Gas Flow Day (within transition period) for each Class 1 Supply Meter Points (such days can be different for each Supply Meter Point) from which they will take over the Class 1 read obligation	Obligation comes in from Day of implementation so no start date

		New TPD G, J or M Provide access to the pulse output on the meter or corrector for Transporters to obtain flows and pressures from the meter installation for purposes related to the management of the System.	Starts from first Day of transition period
New TPD G, J or M. Right to install dataloggers at Class 1 Supply Meter Points for System management purposes but will be under no obligation to do so and will not be required to provide any data obtained to any other party	Starts on first Day of transition period		
DNOs to provide reasonable assistance to Shippers during transition period but under no obligation to attend site	Ends at end of transition period		
		TPD M. For Supply Points that newly meet Daily Read Requirement on or after first Day of Transition period provide Class 1 read	Starts from first Day of transition period
Consequential changes to TPD M			
General	<p>Numerous changes to take into account transfer of obligations. Typically to remove specific references to Class 1 having a different treatment; however as telemetered Supply Meter Points will remain read by Transporters then M needs to retain provisions to cover these. A new definition of Telemetered Supply Meter Point may be needed and 6.7 amended accordingly and in some cases the references to Class 1 processes will need to remain but only in respect of Class 1 Telemetered Supply Meter Points. We are assuming that all telemetered Supply Meter Points are Class 1 though it might be prudent to allow for them being Class 2. See pdf of TPD M with WWU comments.</p> <p>Envisage that TPD M will be changed to reflect enduring arrangements of Shipper responsibility</p>		
TPD M 3 Special Metering Supply Meter Installation	A few of these exist. Some changes required. Evidence is that they are all telemetered.		
TPD M 6.2 Daily Read Equipment	Remove this section, there is no detail for Shipper Class 2 reads so it seems strange to have it for Shipper Class 1 reads. Need to retain and amend 6.2.10 to protect Shipper equipment from		

	Transporter interference and Transporter equipment if installed.
TPD M 6.2 Daily Meter Readings	There is no equivalent section for Class 2 reads so it can be removed for Shipper provided Class 1 reads. Provisions required for Class 1 Telemetered Supply Meter Points
Transition Rules	
General	<p>From implementation date Transporters to have duty to provide assistance in terms of information regarding site access to Shippers assist Shippers in facilitating transfer of obligations but Transporters have no obligation to attend site nor to incur costs in obtaining information that they do not have readily to hand nor to perform other work.</p> <p>Transition Rules will contain the text relating to Transporter obligations during transition period for Supply Meter Points that have not transferred to being Shipper read.</p>

6 Impacts & Other Considerations

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

This Modification proposal should not impact any current Significant Code Reviews or significant industry change projects.

Consumer Impacts

The change will open Class 1 reads to competition and should result in benefit to consumers. The current systems reflect the DNO's and NTS drive to achieve an excellent service to remove the risk of liabilities being incurred in the tight timescales. Relaxing the timescales and liabilities may result in a cheaper service as Shippers internalise the benefits and costs of achieving a given standard.

Consumer Impact Assessment	
Criteria	Extent of Impact
Which Consumer groups are affected?	<p><i>Please consider each group and delete if not applicable.</i></p> <ul style="list-style-type: none"> Domestic Consumers Small non-domestic Consumers Large non-domestic Consumers Very Large Consumers
What costs or benefits will pass through to them?	<p><i>Please explain what costs will ultimately flow through to each Consumer group. If no costs pass through to Consumers, please explain why. Use the General Market Assumptions approved by Panel to express as 'cost per consumer'.</i></p> <p>Insert text here</p>

When will these costs/benefits impact upon consumers?	<p><i>Unless this is 'immediately on implementation', please explain any deferred impact.</i></p> <p>Insert text here</p>
Are there any other Consumer Impacts?	<p><i>Prompts:</i></p> <p><i>Are there any impacts on switching?</i></p> <p><i>Is the provision of information affected?</i></p> <p><i>Are Product Classes affected?</i></p> <p>Insert text here</p>

Cross Code Impacts

There may be an impact on the IGT UNC which should be considered as part of the Workgroup assessment. WWU is not able to raise any IGT UNC changes as it is not party to the IGT UNC.

There will be an impact on the IGT UNC as the DNOs will no longer provide a service to IGTs. This should be considered as part of the Workgroup assessment. IGTs will either need to provide a service or an IGT UNC modification will be required to replicate the changes in this modification proposal. WWU is not able to raise any IGT UNC changes as it is not a party to the IGT UNC.

EU Code Impacts

There are no anticipated EU Code Impacts.

Central Systems Impacts

The solution will require changes to central systems in relation to meter reading files to align Class 1 with the current arrangements for Class 2. Changes will also be required to enable the transition period and the flag to indicate who is responsible for providing the Daily Reads. Processes to enable late reads to be process will be required. Changes to portal access rights will need to be managed to prevent the wrong party from being to access the read information.

Workgroup Impact Assessment

Insert text here

Rough Order of Magnitude (ROM) Assessment

An initial ROM response was provided on 16/1/19 that indicated change costs as follows:

- An enduring solution will cost at least £125,000, but probably not more than £226,000 to implement.
- Additionally costs to support the Transition phase will cost at least £250,000 but probably no more that £377,000

Due to concerns raised over the transition costs a further ROM was requested and this was provided on the 22/5/19. A summary is as follows:

- **Change Costs (implementation):** For the solution option detailed above an enduring solution will cost at least £222,000 but probably no more than £250,000 to implement. This is inclusive of transition period.
- **Change Costs (on-going):** unknown as yet to be assessed.

- **Timescales:** the high level estimate to develop and deliver this change is approximately 50 weeks. This also includes the 3 month Transition period post implementation.

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.	None
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.	None
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

Opening up Class 1 meter reads to competition will further relevant objective (d).

8 Implementation

A lead time will be required to implement the necessary central system changes and any Shipper and DMSP system changes required. The proposal is for the central system changes to be implemented in the June 2020 release with a three-month transition period ending on 30th September 2020. To enable CDSP system changes to be designed, built and tested and for Shippers to prepare for installing equipment at Class 1 Supply Meter Points an Ofgem direction is required before the end July 2019. Some DNOs may need to extend arrangements with their Daily Metered Service Provider to provide the Class 1 read service up to 30th September 2020.

9 Legal Text

To be provided.

Text Commentary

Insert text here

Text

Insert text here

10 Recommendations

Workgroup's Recommendation to Panel

The Workgroup asks Panel to agree that:

- this proposal requires further assessment and should be returned to Workgroup.