














UNC Modification		At what stage is this document in the process?
<h1>UNC 0XXX:</h1> <h2>Introducing an allowable period of [28] days for the initiation of Class 1 and Class 2 financial adjustments</h2>		<div>01 Modification</div> <div>02 Workgroup Report</div> <div>03 Draft Modification Report</div> <div>04 Final Modification Report</div>
<p><b>Purpose of Modification:</b></p> <p>To introduce an allowable timeframe for the initiation of financial adjustments once actual readings are being accepted into settlements following a period of estimated consumption on Class 1 and Class 2 meter points.</p>		
	<p><i>Please provide an initial view of the preferred governance route/pathway and impacted parties</i></p> <p>The Proposer recommends that this modification should be: <i>(delete as appropriate)</i></p> <ul style="list-style-type: none"> <li>assessed by a Workgroup</li> <li>treated as urgent and should proceed as such under a timetable agreed with the Authority</li> </ul> <p>This modification will be presented by the Proposer to the Panel on dd mmm yyyy <i>(Code Administrator to provide date)</i>. The Panel will consider the Proposer's recommendation and determine the appropriate route.</p>	
	<p>High Impact: <i>(Proposer to identify impacted parties)</i></p> <p>All shippers</p>	
	<p>Medium Impact: <i>(Proposer to identify impacted parties)</i></p> <p>Here</p>	
	<p>Low Impact: <i>(Proposer to identify impacted parties)</i></p> <p>Here</p>	

Contents		?	Any questions?
1	Summary	3	Contact:
2	Governance	3	Joint Office of Gas Transporters
3	Why Change?	3	
4	Code Specific Matters	4	 <a href="mailto:enquiries@gasgovernance.co.uk">enquiries@gasgovernance.co.uk</a>
5	Solution	4	
6	Impacts & Other Considerations	4	 0121 288 2107
7	Relevant Objectives	5	Proposer:
8	Implementation	5	James Rigby
9	Legal Text	5	 <a href="mailto:james.rigby@npower.com">james.rigby@npower.com</a>
10	Recommendations	5	
Timetable			07557 198020
<i>Please provide proposer contacts and an indicative timeline. The Code Administrator will update the contents and provide any additional Specific Code Contacts.</i>			
<b>The Proposer recommends the following timetable:</b> <i>(amend as appropriate)</i>			
Initial consideration by Workgroup	dd month year		email address
Amended Modification considered by Workgroup	dd month year		telephone
Workgroup Report presented to Panel	dd month year	Systems Provider:	
Draft Modification Report issued for consultation	dd month year	Xoserve	
Consultation Close-out for representations	dd month year		<a href="mailto:UKLink@xoserve.com">UKLink@xoserve.com</a>
Variation Request presented to Panel	dd month year	Other:	
Final Modification Report available for Panel	dd month year	John Welch	
Modification Panel decision	dd month year		<a href="mailto:john.welch@npower.com">john.welch@npower.com</a>
			07557 170816

## 1 Summary

### What

At present there is no limit on the length of time shippers have to undertake financial adjustments to Class 1 and Class 2 meter points, following the correction to data anomalies that have prevented actual reads from entering settlement.

### Why

Until a financial adjustment is processed by a shipper in partnership with a Daily Metered Service Provider (DMSP), the volume delta between estimated and actual usage remains un-reconciled (via UiG Rec). Current UiG weighting factors as set by AUGE, mean that shippers with larger Class 4 portfolios attract more UiG in allocation, so delayed resolution of DM consumption adjustments financially impact a section of the UK gas market which does not supply any (or has a comparatively much smaller number of) Class 1 or Class 2 meter points.

Recent statistics published by the CDSP highlight that there are a significant number of unresolved financial adjustments, despite data corrections having apparently taken place which have allowed the flow of readings in to settlement. This is negatively impacting the speed at which UiG is reconciled, and is adding to the industry uncertainty as to the true position of the relevant consumption months.

It has been noted that some issues currently reside with DMSPs for action – it is believed that this modification would future proof the issue for the point when the relationship between shippers and DMSPs is regularly a more direct one.

### How

This mod seeks to introduce an allowable time limit on the processing of financial adjustments following the correction of a data anomaly or resolution of a metering fault. It is proposed that financial adjustments must be initiated in CMS within 28 days, or shippers be in breach of code. It is also requested that the Performance Assurance Committee (PAC) should be allowed to see de-anonymised reporting which makes clear any party who is not compliant.

This mod limits this code change to Class 1 and Class 2, given that in the case of Class 3 and 4, correcting the data (e.g. processing a .JOB file) automatically triggers the (MPRN / UiG) reconciliation process.

## 2 Governance

### Justification for [Fast Track] Self-Governance, Authority Direction or Urgency

Due to the apparent delay in the financial adjustments that the CDSP is currently reporting, it is suggested that this mod be treated as urgent.

### Requested Next Steps

This modification should:

- be assessed by a Workgroup
- be treated as urgent and should proceed as such under a timetable agreed with the Authority

### 3 Why Change?

Anomalies in meter technical data or problems with daily metering equipment cause actual readings to be rejected. This can have a profound impact on the levels of UiG in allocation, especially where estimated readings are not consistent with actual consumption. With UiG weighting factors being more pronounced for Class 4, that part of the market attracts more UiG resulting from 'DM' error. There is nothing currently in code that obligates shippers to process a consumption adjustment following the re-flowing of actual meter reads into UK Link.

Unless obligations are introduced, there will remain no incentive for shippers to process consumption adjustments in a timely manner and Class 1 / Class 2 metering error will continue to impact UiG rec long after actual reads are entering UK Link. This will subsequently cause a continuation of costs being attributed erroneously to market participants.

### 4 Code Specific Matters

#### Reference Documents

### 5 Solution

TPD Section E - Daily Quantities, Imbalances and Reconciliation of the UNC should be updated to include reference to an allowable time limit for the initiation of consumption adjustments of [28 days] from the date upon which actual meter reads start to be accepted into UK Link.

### 6 Impacts & Other Considerations

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

None identified.

#### **Consumer Impacts**

None identified.

#### **Cross Code Impacts**

None identified.

#### **EU Code Impacts**

None identified.

#### **Central Systems Impacts**

It is not envisaged that any changes to central systems will be required. Additional PAC reporting will need to be created.

## 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

## 8 Implementation

Implementation is preferred as soon as is practical.

## 9 Legal Text

### Text Commentary

This could require additional text in Section M, 1.9, Consumption adjustments detailing the need for adjustment in the relevant circumstances.

## 10 Recommendations

### Proposer's Recommendation to Panel

Panel is asked to: *[Delete as appropriate]*

- Agree that Authority Direction should apply
- Refer this proposal to a Workgroup for assessment.