

UNC Workgroup Report	At what stage is this document in the process?
<h1>UNC 0681S:</h1> <h2>Improvements to the quality of the Conversion Factor values held on the Supply Point Register</h2>	<div style="display: flex; flex-direction: column; gap: 5px;"> <div style="border: 1px solid #ccc; padding: 5px; display: flex; align-items: center; gap: 10px;"> <span style="border: 1px solid #ccc; border-radius: 50%; padding: 2px 5px;">01</span> Modification         </div> <div style="border: 1px solid #ccc; padding: 5px; display: flex; align-items: center; gap: 10px;"> <span style="border: 1px solid #ccc; border-radius: 50%; padding: 2px 5px;">02</span> Workgroup Report         </div> <div style="border: 1px solid #ccc; padding: 5px; display: flex; align-items: center; gap: 10px;"> <span style="border: 1px solid #ccc; border-radius: 50%; padding: 2px 5px;">03</span> Draft Modification Report         </div> <div style="border: 1px solid #ccc; padding: 5px; display: flex; align-items: center; gap: 10px;"> <span style="border: 1px solid #ccc; border-radius: 50%; padding: 2px 5px;">04</span> Final Modification Report         </div> </div>
<p><b>Purpose of Modification:</b></p> <p>The purpose of this Modification is to improve the quality of the Conversion Factor data item on the Supply Point Register, which will in turn improve the accuracy of measured energy and therefore AQs.</p>	
	<p>The Workgroup recommends that this modification should be:</p> <ul style="list-style-type: none"> <li>subject to self-governance</li> </ul> <p>The Panel will consider this Workgroup Report on <b>20 June 2019</b>. 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>Gas Shippers and CDSP</p>
	<p>Low Impact:</p> <p>Gas Transporters (Large, Small and IGTs)</p>

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Timetable		
<b>Modification timetable:</b>		
Initial consideration by Workgroup	28 March 2019	
Amended Modification considered by Workgroup	07 June 2019	
Workgroup Report presented to Panel	20 June 2019	
Draft Modification Report issued for consultation	21 June 2019	
Consultation Close-out for representations	11 July 2019	
Final Modification Report available for Panel	15 July 2019	
Modification Panel decision	18 July 2019 (at short notice)	
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## 1 Summary

### What

This Modification proposes that the CDSP should assist in improving data quality by making updates to the conversion factor data item on the Supply Point Register, in certain circumstances (and advising the relevant Shipper of any updates).

### Why

The Unidentified Gas (UIG) Task Force (as established by [UNC Modification 0658](#)) has determined that incorrect conversion factors could be contributing to daily levels of UIG, due to incorrect data being used in energy calculations, and as a result, incorrect daily energy allocations due to incorrect AQs. The Task Force assessment of UIG equivalent to 0.1% of total LDZ throughput is an estimate, as the more accurate conversion factors were not available for the calculations.

### How

This Modification proposes that the CDSP should be given the authority to make changes to the conversion factor in the following circumstances only:

- a) where the AQ of a meter point falls to 732,000 kWh or lower, the conversion factor should be updated to the default of the standard value of 1.02264, as specified in the Gas (Calculation of Thermal Energy) Regulations, with effect from the effective date of the new AQ.
- b) where the AQ of a meter point increases above 732,000 kWh, the conversion factor should be set to the last non-standard factor held on the Supply Point Register (if one is available) with effect from the effective date of the new AQ.

## 2 Governance

### Justification for Self-Governance, Authority Direction or Urgency

The Modification Panel determined that this Modification is suitable for self-governance procedures, on the basis that it is a minor change to industry governance and processes and seeks to bring in new processes to ensure that end consumers have valid conversion factors only by creating a safety net in the CDSP processes. Consumers at sites with AQs on or below the 732,000kWh threshold should already be billed using the standard conversion factor. This change would help to bring Shipper allocations and measurements into line with their Supplier's end consumer billing.

Sites with AQs above the threshold should be billed using a site-specific factor already. Only sites where there is already a non-standard factor on file would have the data item changed automatically. The non-standard factor would have been previously provided by a Shipper.

This change does not propose that the CDSP undertakes or requests any assessment of new non-standard conversion factors or organises any site visits, therefore there would be no disturbance or inconvenience to the end consumer.

### Requested Next Steps

This Modification should:

- be considered a non-material change and subject to self-governance
- proceed to Consultation

The Workgroup recommends that this Modification should be considered as suitable for self-governance and be issued to consultation. The Modification should not have a material impact as it proposes to improve the accuracy of information recorded on Central Systems and which should currently be provided.

### 3 Why Change?

The current arrangements whereby the conversion factor can only be updated by the Shipper have resulted in a number of sites having inappropriate values. As at late 2018 the Supply Point Register showed:

- a) c. 5,000 sites (around 15% of eligible sites) above the threshold which still had the standard conversion factor, whereas they should have their own site-specific value. This could be understating the annual consumption of these sites by a net 7.4% and contributing around 0.1% of total LDZ throughput to UIG
- b) c. 10,000 sites (out of 24 million) on or below the threshold that have a non-standard conversion factor, whereas the standard value of 1.02264 should always apply to those sites. On average the annual usage of these sites is being overstated by around 3.8%, due to the use of an incorrect conversion factor, and therefore slightly reducing UIG by the equivalent of 0.01% of total LDZ throughput

Each Shipper receives a count of their scenario a) sites in their monthly Shipper Performance Pack from the CDSP, and the statistics are also published as part of the monthly Performance Assurance Reports. However as at late 2018 there were still around 15% of eligible sites without a site-specific conversion factor.

In 2017 comms 1782.1 which had options for UKLP CR065 – Correction Factor Application was withdrawn by the CDSP because at that time Shippers (via the Solution Development Group) felt that correction factors should be updated by the Supplier/Shipper, the analytics in 2018 have shown that the volumes have not reduced.

Another consideration is SPAA Change Proposal (SCP) 459 - Identification of Meters with Conversion Capability within Market Domain Data, this may need to be considered as part of solution development.

The UIG Task Force has identified that these sites could be contributing to around 0.1% of total LDZ daily throughput to UIG, and that this is not corrected by subsequent meter point reconciliation.

More proactive measures are required to address these inconsistencies, wherever possible. As the general premise of UNC is that Shippers are responsible for data quality, a UNC Code Mod is required to give the CDSP authority to change this data item.

This solution is to act as a safety net to ensure conversion factors are as accurate as possible. It is preferred that Suppliers/Shippers utilise the Shipper Packs and update these values themselves rather than the CDSP conducting this exercise.

## 4 Code Specific Matters

### Reference Documents

UIG Task Force findings:

<https://www.xoserve.com/media/1954/task-force-findings-item-121123.pdf>

The Gas (Calculation of Thermal Energy) Regulations 1996

<http://www.legislation.gov.uk/uksi/1996/439/regulation/2/made>

### Knowledge/Skills

An understanding of energy calculation, reconciliation and AQ would be helpful.

## 5 Solution

This Modification proposes for the CDSP to be granted permissions to proactively allocate a valid conversion factor to a meter point.

The CDSP should be granted the permission to make changes to the conversion factor in the following circumstances – in scenarios not named the CDSP is to ensure the meter points are included an individual review (which may also appear in the shipper packs received by Shippers) but will be out of scope of this Modification:

- a) where the AQ of a meter point falls to 732,000 kWh or lower, the conversion factor should be updated to the standard value of 1.02264, as specified in the Gas (Calculation of Thermal Energy) Regulations, from the effective date of the new AQ.
- b) where the AQ of a meter point increases above 732,000 kWh, the conversion factor should be set to the last non-standard factor held on the Supply Point Register (if one is available) with effect from the effective date of the new AQ.

The amendments would be delivered in two parts

- 1) updating of meter points already identified, these will be completed a minimum of 30 Supply Point Systems Business Days after modification implementation by the CDSP. This is to allow Shippers/Suppliers to update the values themselves.
- 2) updating of meter points identified on an enduring basis, these will be completed a minimum of 30 Supply Point Systems Business Days after notification via the AQ changing under the rules outlined in G1.6.6 e.g. M+30 Supply Point Business Days, this allows time for Shippers to proactively update and if they remain then the CDSP will update them as per the rules outlined above.

Notifications will be issued by the CDSP confirming updates and values allocated by the updates in parts a) and b) so Shippers are directly aware which meter points have been updated.

For the avoidance of doubt, where a meter point has a corrector fitted or is missing the last non-standard factor it will be deemed out of scope of this modification and business rules. This mod only seeks to deliver the task force findings of approx. 15k meter point conversion factor amendments.

## 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

This change does not propose that the CDSP undertakes or organises any site visits, therefore there would be no disturbance or inconvenience to the end consumer.

No direct impacts on Consumers or Consumer billing have been identified, as Suppliers should be billing Consumers in line with the Thermal Energy Regulations. These changes should ensure information for Transporters, Shippers and Suppliers is aligned.

Consumer Impact Assessment	
Criteria	Extent of Impact
Which Consumer groups are affected?	None anticipated
What costs or benefits will pass through to them?	None anticipated.
When will these costs/benefits impact upon consumers?	Not applicable.
Are there any other Consumer Impacts?	None identified.

### Cross Code Impacts

It has been confirmed that there are no IGT UNC impacts, an equivalent IGT UNC Modification IGT127 has been withdrawn.

It is not anticipated a SPAA change would be required.

### EU Code Impacts

None identified.

### Central Systems Impacts

CDSP systems will need to be changed to identify sites in both scenarios, to apply the required changes, establish reporting and to notify the relevant Shipper of the changes that have been made. A DSC Change Proposal has been raised to be developed in conjunction with this Modification.

### Workgroup Impact Assessment

This Modification would provide benefits as it represents an incremental step forward that should be classed as a quick win in terms of starting to address UIG related issues identified by the UIG Task Force.

It was noted that should this Modification be implemented; it should be possible to update the data for around 15000 sites by the beginning of the Winter which should have a benefit to UIG.

Some Workgroup participants noted that where the site AQ is less than 732,000 kWh and there is a converter in situ, the Thermal Energy Regulations allow for Consumer agreed site specific conversion factors to be used, although this Modification currently doesn't take account of this scenario it is not considered to be a material impact.

It was noted that where a converter has failed, these sites would require a site specific conversion factor to be preloaded in the systems and that all sites with converters would be excluded from the process.

### Rough Order of Magnitude (ROM) Assessment

The ROM is to be published alongside this Workgroup Report.

## 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.	Positive
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

d) More accurate gas allocation and reconciliation should promote competition by helping to reduce the unexplained levels of Unidentified Gas (UIG) and improving cost targeting, therefore further competition and Relevant Objective d).

f) Ensuring the accurate recording of data in Central Systems should support the alignment of

Transporter, Shipper and Supplier billing which should facilitate Relevant Objective f) Promotion of efficiency in the implementation and administration of the Code.

## 8 Implementation

As self-governance procedures are proposed, implementation could be sixteen business days after a Modification Panel decision to implement, subject to no Appeal being raised.

However, as a DSC Change Proposal is being progressed, it is proposed that there are two parts to implementation:

### Part 1

Enduring implementation – this will be linked to the DSC Change Proposal and a date approved by the DSC Change Management Committee.

### Part 2

One off exercise to update any Meter Points which have not been proactively updated by Shipper/Suppliers. This will be conducted no earlier than 30 Supply Point Systems Business Days after the implementation date approved by the DSC Change Management Committee and no later than 60 Supply Point Systems Business Days after implementation.

## 9 Legal Text

Legal Text has been provided by Cadent and is included below. The Workgroup has considered the Legal Text and is satisfied that it meets the intent of the Solution.

### Text Commentary

#### Notes

1. This table is based on the Legal Text for Modification 0681S published on the Joint Office website on 04 June 2019

TPD	Topic	Explanation
SECTION M – SUPPLY POINT METERING		
New paragraph 4.2.16	Conversion factor values held on the Supply Point Register	This new paragraph allows the CDSP, on a monthly basis, to amend the relevant conversion factor in the Supply Point Register to: <ul style="list-style-type: none"> <li>(a) The standard value of 1.02264 (as amended from time to time in the Gas (Calculation of Thermal Energy) Regulations 1996), where the Annual Quantity is 732,000 kWh or below; or</li> <li>(b) The last non-standard factor held on the Supply Point Register for the relevant Supply Meter Point (if one is available) where the Annual Quantity is above 732,000 kWh.</li> </ul>

<p>New paragraph 4.2.17</p>	<p>Conversion factor values held on the Supply Point Register</p>	<p>This paragraph prevents the CDSP from amending the Supply Point Register as set out in paragraph 4.2.16 where:</p> <ul style="list-style-type: none"> <li>(a) In relation to points 4.2.16 (a) and (b), unless notification of the proposed amendment has been provided to the Registered User and 30 Supply Point Business Days have passed since that notification.</li> <li>(b) In relation to paragraph 4.2.16(b), there is no non-standard factor held for the relevant Supply Meter Point.</li> </ul> <p>This paragraph also requires the CDSP to notify the Registered User once an amendment under paragraph 4.2.16 has been made.</p>
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PART 11C – TRANSITIONAL RULES	Topic	Explanation
<p>Insert new paragraph 1.3.7 – TPD Section M4.2.16</p>	<p>Conversion factor values held on the Supply Point Register</p>	<p>This new paragraph allows the CDSP to amend the relevant conversion factor in the Supply Point Register for all existing Supply Meter Points to:</p> <ul style="list-style-type: none"> <li>(a) The standard value of 1.02264, where the Annual Quantity is 732,000 kWh or below; or</li> <li>(b) The last non-standard factor held on the Supply Point Register for the relevant Supply Meter Point (if one is available) where the Annual Quantity is above 732,000 kWh.</li> </ul> <p>No update should be made under sub paragraph (b) if there is no relevant non-standard factor.</p> <p>The CDSP should not make any amendments under this paragraph before the expiry of 30 Supply Point Business Days after the implementation of Code Modification 0681S.</p>

**Text**

**TRANSPORTATION PRINCIPAL DOCUMENT**

**SECTION M – SUPPLY POINT METERING**

*Insert new paragraph 4.2.16*

4.2.16 Subject to paragraph 4.2.17 and following notification of the Annual Quantity by the CDSP to the Registered User in accordance with TPD G 1.6.6, the CDSP may amend the conversion factor in the Supply Point Register for all Supply Meter Points as follows:

- (a) where the Annual Quantity of a Supply Meter Point is 732,000 kWh or lower, the CDSP may amend the conversion factor in the Supply Point Register to the standard value of 1.02264 or as the standard value is amended from time to time in accordance with the Gas (Calculation of Thermal Energy) Regulations 1996;

- (b) where the Annual Quantity of a Supply Meter Point is above 732,000 kWh, the CDSP may amend the conversion factor to the last non-standard factor for the relevant Supply Meter Point held on the Supply Point Register.

*Insert new paragraph 4.2.17*

4.2.17 The CDSP shall not update any conversion factors in the Supply Point Register in accordance with paragraph 4.2.16:

- (a) unless notification of the proposed amendment has been provided to the Registered User and 30 Supply Point Business Days have passed since that notification. A further notification should be provided to the Registered User at the end of the 30 Supply Point Business Days period to confirm which of the proposed amendments have been made.
- (b) where, under paragraph 4.2.16(b) above, there is no relevant non-standard factor available for the relevant Supply Meter Point on the Supply Point Register.

*Re-number existing paragraph 4.2.16 as 4.2.18.*

## **UNIFORM NETWORK CODE – TRANSITIONAL DOCUMENT**

### **PART 11C – TRANSITIONAL RULES**

#### **1. UNIFORM NETWORK CODE**

*Insert new paragraph 1.3.7 – TPD Section M4.2.16*

- 1.3.7 Not before 30 Supply Point Business Days after the implementation of code modification 0681S, the CDSP shall, for all existing Supply Meter Points, update the conversion factor in the Supply Point Register to:
- (a) The standard value of 1.02264, where the Annual Quantity is 732,000 kWh or below; or
  - (b) The last non-standard factor held on the Supply Point Register for the relevant Supply Meter Point (if one is available) where the Annual Quantity is above 732,000 kWh. No update should be made if there is no relevant non standard factor for the relevant Supply Meter Point.

## **10 Recommendations**

### **Workgroup's Recommendation to Panel**

The Workgroup asks Panel to agree that:

- This self-governance modification should proceed to consultation.