

## UNC Unidentified Gas Workgroup Minutes

Monday 08 April 2019

at Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA

### Attendees

Chris Shanley (Chair)	(CS)	Joint Office
Kully Jones (Secretary)	(KJ)	Joint Office
Andy Clasper	(AC)	Cadent
Alexander Mann*	(AM)	Gazprom
Chris Warner	(CW)	Cadent
Emma Smith	(ES)	Xoserve
Fiona Cottam	(FC)	Xoserve
Imran Shah*	(IS)	Centrica (from agenda item 4.0)
Guv Dosanjh	(GD)	Cadent
James Hallam-Jones	(JHJ)	Xoserve
John Welch	(JW)	npower
Lorna Lewin*	(LL)	Orsted
Louise Hellyer	(LH)	Total Gas & Power
Mark Bellman	(MB)	Scottish Power
Mark Jones	(MJ)	SSE
Mark Palmer*	(MP)	Orsted
Rachel Durham*	(RD)	Smartest Energy
Sallyann Blackett*	(SB)	E.ON UK
Stephanie Clements	(SC)	Scottish Power
Tracey Saunders	(TS)	NGN

*\*via teleconference*

Copies of all papers are available at: <http://www.gasgovernance.co.uk/uig/080419>

## 1. Introduction and Status Review

### 1.1. Approval of Minutes (26 February 2019)

The minutes from the previous meetings were approved.

### 1.2. Pre-Modification Discussions

None.

## 2. Workgroups

### 2.1. 0664 – Transfer of Sites with Low Read Submission Performance from Class 2 and 3 into Class 4

(Report to Panel 16 May 2019)

<https://www.gasgovernance.co.uk/0664>

### 2.2. 0672 – Incentivise Product Class 4 Read Performance

(Report to Panel 18 April 2019)

<https://www.gasgovernance.co.uk/0672>

### 2.3. 0681S- Improvements to the quality of the Conversion Factor values held on the Supply Point Register

(Report to Panel 20 June 2019)

[www.gasgovernance.co.uk/0681](http://www.gasgovernance.co.uk/0681)

## 3. UIG Dashboard Reporting

It was agreed that this should be removed as a standard agenda item.

Fiona Cottam (FC) reported that Change Proposal XRN4806 - Additional data at National Level to support UIG Allocation validation has been delivered.

John Welch (JW) asked if data can be obtained back to Nexus go live.

**New Action 0401:** Xoserve (FC) to check the availability of data provided through XRN4806 in order to assess whether data could also be provided for the period from Nexus go live to implementation of the Change Proposal.

## 4. UIG Task Force

### 4.1. Review of UIG Task Force Recommendations Tracker

Leanne Jackson (LJ) provided a walkthrough of the issues providing an update on progress against the actions due to be reviewed in April. During the update Workgroup agreed that some issues could be closed and some areas (AQ issues, draft Modifications and Standard Factors) were covered under agenda item 4.2, 4.3 and 5.1. Updates and changes to the status were shown in red on the tracker including an indication of the date the update was made.

An updated tracker is published on the Joint Office website with all changes marked in red: (<https://www.gasgovernance.co.uk/uig/080419>).

#### 4.2. Recommendations for Issue 3.2.5 (Inaccurate/Out of Date AQs)

James Hallam-Jones (JHJ) provided a presentation on the UIG Task Force recommendations in relation to issue 3.2.5 which can be accessed using this link: [https://www.xoserve.com/media/2982/uig\\_recommends\\_iss\\_325-inaccurateor-out-of-date-aqs-impact-of-rolling-aq.pdf](https://www.xoserve.com/media/2982/uig_recommends_iss_325-inaccurateor-out-of-date-aqs-impact-of-rolling-aq.pdf).

He provided a brief background into the findings before providing an update on the five options that are either in progress or have been completed (see slide 3).

In terms of the background, he reminded Workgroup that 8.5% of sites had only one AQ calculation post-Nexus and are responsible for 21% of AQ volatility. In addition, 770,000 Class 3 and 4 MPRNs with a total AQ of 14bn kWh of AQ have not been read since Project Nexus go live. This means that 3.2% of NDM Meter Points and 3.1% of NDM LDZ AQ are at risk. In addition, he said that meter read performance for all product classes does not meet UNC obligations.

Workgroup then had a lengthy discussion on slides 4 and 5 which set out a further nine options to address the findings. FC highlighted that options 5-9 would all require UNC Modifications. Options 3, 4, 6 and 9 were options recommended by Xoserve to take forward.

She added that option 9 would also be discussed at the PAC meeting on 09 April 2019. The following comments were made on the options of interest:

##### Option 2

This option suggests using UNC M 5.13.16 transfer read incentive mechanism to improve transfer read submission performance. Incentive charge currently set at £0.00.

JW sought clarification on why Xoserve were not recommending taking this option forward. JHJ indicated that this option would solve a specific problem which is not a large proportion of the market and it is also being considered at the PAC.

##### Option 3

This option is to review the appropriateness of current Meter Read tolerances – would there be benefit in including seasonal flex to enable more legitimate consumptions to lead during higher usage periods?

FC confirmed that a system change would be needed to develop system tolerances if there was interest in taking this option forward.

#### Option 4

This option is to review Small Supply Point Must Read obligations. Three options are being proposed:

- Reduce qualifying period for an SSP Must Read to [15] months
- Shift the Must Read obligation from DN to a CDSP managed MRA site visit process
- Enable the CDSP to contact End Consumer directly to obtain a Meter Read.

Mark Bellman (MB) asked if a must read flows from a licence obligation and whether there is an overlap with Modification 0672. FC indicated that there was a Competition and Markets Authority obligation to provide one read per annum as part of settlement.

A discussion took place on whether there is any related PAC reporting. FC indicated that there are PAC reports on read performance currently. Workgroup agreed that it will be useful to understand how effective the PAC monitoring is of read performance.

John Welch (JW) also suggested that it would be helpful to understand the costs of the 3 options. FC indicated that must reads are expected to be cost reflective of the service plus the CDSP administration costs of processing them. MB suggested a charge back to the Shipper.

Mark Jones (MJ) suggested that a targeted approach could be taken on sites of highest concern from a UIG perspective, as this would reduce the costs to the industry. He also questioned whether a Modification was needed as the UNC could be amended to make it a CDSP obligation.

In response to a question from MJ on statistics on rejected meter reads, JHJ indicated that 200,000 sites have tolerance based read rejections and 800,000 sites have had no reading accepted by Xoserve.

A brief discussion took place on whether PAC was the best placed group to consider this issue with MJ saying the restricted membership of PAC is not ideal and suggested that the UIG Workgroup provides wider consideration.

#### Option 5

This option is to change the Class 4 maximum Meter Read Frequency to 6 Months. Over 80% of sites currently achieve this standard.

LH indicated support for this option. MB considered the benefit would only target 20% of the population as 80% of sites are achieving the standard and there might be an additional cost to Shippers. It was suggested that the UNC and licence obligations be investigated to assess which is more stringent.

#### Option 6

This option is to make Class 2 mandatory for sites in EUC [07] and above. These sites should already have remote daily read equipment installed.

JHJ sought Workgroup views on this option. Louise Hellyer (LH) asked if this was already an area covered by the Demand Estimation Sub-Committee.

### Option 9

This option is to create a UIG based read performance incentive. For Example:  $\text{Unread AQ} / 12 * \text{Average Annual UIG\%} * \text{multiplier of [2]}$  at average SAP for the month. Equal and opposite credit to shippers [that meet performance standards] using UIG reconciliation smear mechanism.

JW highlighted that he had included this option as part of his presentation on Modification 0664 for PAC and was working with Xoserve to understand how this incentive would work.

### Summary

CS summarised the discussion on the options saying that Workgroup were seeking more clarity on some areas in particular on options 3 and 4. In relation to option 4 Workgroup sought more information on likely timescales and data on the number of rejected meter reads as well as more data to understand the cost benefits. FC suggested that an action plan could be developed by Shipper and by risk.

In terms of moving the options forward FC reiterated that Xoserve are looking for UNC parties to sponsor the development of a Modification. She added that Xoserve would be able to provide support with development. She indicated that options could be taken forward fully sponsored by an industry party or drafted by Xoserve with an industry owner.

Workgroup participants were keen to maintain momentum and indicated support for options 4, 5 and possibly 6 which is linked with Modification 0647. FC suggested that a draft Modification for option 6 could be initiated with two possible solutions for Class 2 and Class 1. Workgroup agreed that this was a sensible approach.

A summary of the overall position is provided below:

- Options 1 and 9 – are being considered at PAC and option 9 also overlaps with Modification 0664.
- Options 3, 4 and 5 – need more information to allow further consideration by the Workgroup
- Option 6 – needs to be expanded to include an option to make sites Class 1 if appropriate
- Options 2, 7 and 8 – no interest

In response to a question from LH, it was confirmed that these options would be added to the UIG Task Force Recommendations Tracker.

### **4.3. Xoserve Draft UNC Modifications**

FC provided a walkthrough of the presentation titled 'Xoserve Draft UNC Modifications'. She reminded Workgroup that all the taskforce findings were presented at the 28 January 2019 meeting and at that meeting it was identified that a number of recommendations to address UIG issues would require UNC Modifications. Modification 0681S discussed earlier was raised by E.ON to address issues 12.1 and 12.3. She added that Xoserve have identified 4 further Modifications which could help to reduce UIG. Two of these have recently been sponsored by Centrica and will be discussed at the April Panel meeting:

- Modification 0690 – Reduce qualifying period for Class 1

- Modification 0691 – CDSP to convert Class 3 or 4 meter points to Class 1 when G1.6.15 criteria are met.

In respect of Modification 0691, FC confirmed that a similar Modification may be required to IGT UNC.

A further Modification is being proposed in relation to very large sites with non-monthly read frequency.

- ModXXX Automatic changes to Meter Read Frequency - (AQ >293,000 or Smart/AMR equipment on site)

All sites with an AQ > 293,000 kWh should be monthly read. She added that the Shipper needs to initiate the update of the meter read frequency and there are no fallback arrangements or incentives to ensure this happens promptly. FC also indicated that this links to option 4 discussed under agenda item 4.2.

Workgroup questioned why 'must reads' are needed for sites that have read equipment. FC responded to confirm that the assumption is that sites over 293,00 kWh are monthly read and that classification includes a must read back stop.

FC then provided a brief overview of the solution (slide 12) before seeking interest to sponsor the Modification. LH expressed Total Gas & Power's interest in sponsoring this Modification.

Finally, FC suggested the need for a review group to consider standard conversion factors. She reiterated that all sites under 732,000 AQ should have a single industry standard conversion factor as specified in the Gas (Calculation of Thermal Energy) Regulations. She added that the UIG Task Force has identified that the standard conversion factor can cause positive UIG in colder weather and reduce UIG in warmer weather. The impact is on NDM Allocation, Meter Point reconciliation and AQs. In addition, FC added that there was no consensus on the way forward at the January meeting, so the proposal is a UNC Review Group to explore the topic further. The scope of the group would include:

- Consider in detail the perceived impacts of the use of a standard conversion factor on the four areas highlighted
- Identify possible solutions/mitigations to the impacts
- Weigh up the relative benefits and disadvantages of those solutions/mitigations.

MB challenged that the impacts were perceived suggesting that there were tangible impacts, so perhaps estimated impacts would be a better term to use. MB also indicated that Scottish Power would be interested in supporting this review group.

## **5. Issues**

### **5.1. Use of Standard and Specific Conversion Factor Requirements**

This agenda item was covered by the discussion under agenda item 2.3 - Modification 0681S and will also be addressed in future in the proposed Review Group discussed under agenda item 4.3. It was agreed this item could be removed from future agendas.

## **6. Review of Outstanding Actions**

There were no outstanding actions.

## 7. Any Other Business

### 7.1. February Invoices

MJ raised a brief query in relation to the February invoices seeking clarification from Xoserve on the large UIG reconciliation figures. FC explained that this was a credit reconciliation which shows as a debit to UIG in the invoice and is attributed to over allocation of NDM. FC showed a graph illustrating daily UIG since start of Gas Year 2018/19. A link the presentation is provided below:  
<https://www.xoserve.com/media/2970/uig-tracking-march-20-2019.pdf>

She explained that if meter reads are taken every six or 12 months then it is difficult to predict which month a reconciliation relates to.

It was also reported that the Demand Estimation Sub-Committee agreed at the April meeting not to use the ALP uplift for the next Gas Year as it was too high but the DAF Uplift will continue to be used.

JW asked if a new lower ALP Uplift had been considered. LH responded to say that it had but had been considered not to be a sound approach especially as no analysis could be undertaken to confirm the reduced value.

FC also stated that a User interactive UIG graph is being developed by Xoserve.

## 8. Next Steps

CS briefly summarised the next steps as being, Workgroup to continue consideration of the:

- UIG Taskforce Recommendations Tracker' on an exception basis, and
- Draft UIG UNC Modifications.

## 9. Diary Planning

Further details of planned meetings are available at: <https://www.gasgovernance.co.uk/events-calendar/month>

Workgroup meetings will take place as follows:

Time / Date	Venue	Workgroup Programme
10:30 Monday 29 April 2019	Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA	Standard Workgroup Agenda
10:30 Tuesday 21 May 2019	Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA	Standard Workgroup Agenda
10:30 Monday 24 June 2019	Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA	Standard Workgroup Agenda

**Action Table (as at 08 April 2019)**

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
<b>0401</b>	08/04/19	2.2	Xoserve (FC) to check the availability of data provided through XRN4806 in order to assess whether data could also be provided for the period from Nexus go live to implementation of the Change Proposal.	Xoserve (FC)	<b>Pending</b>