













UNC Modification		At what stage is this document in the process?
<h1>UNC 07xx:</h1> <h2>CDSP provision of Class 1 read service</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 that the CDSP provides the Class 1 reads service. It will remove 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 DNO or NTS Supply Meter Points.</p>		
	<p>The Proposer recommends that this modification should:</p> <ul style="list-style-type: none"> be considered a material change and sent for Authority Direction; proceed to a Workgroup for assessment. <p>This modification will be presented by the Proposer to the Panel on 17th October 2019. The Panel will consider the Proposer's recommendation and determine the appropriate route.</p>	
	<p>High Impact:</p> <p>None</p>	
	<p>Medium Impact:</p> <p>Shippers, NTS, DNOs, IGTs, CDSP</p>	
	<p>Low Impact:</p> <p>Suppliers, Consumers</p>	

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Timetable		 0121 288 2107
The Proposer recommends the following timetable:		Proposer: Richard Pomroy Wales & West Utilities Limited
Initial consideration by Workgroup	24 October 2019	 enquiries@gasgovernance.co.uk
Workgroup Report presented to Panel	16 January 2020	 richard.pomroy@wutilities.co.uk
Draft Modification Report issued for consultation	16 January 2020	 07812 973337 or 029 2027 8552
Consultation Close-out for representations	6 February 2020	Transporter: WWU
Final Modification Report available for Panel	13 February 2020	 richard.pomroy@wutilities.co.uk
Modification Panel decision	20 February 2020	 07812 973337 or 029 2027 8552
		Systems Provider: Xoserve
		 commercial.enquiries@xoserve.com

1 Summary

Following work on withdrawn modification 0647 and by review group 0694R this modification proposes that the Class 1 read service will be provided centrally by the CDSP. Modification 0647 proposed making this a Shipper obligation in line with other read obligations but this is not commercially viable. Equally provision by individual transporters is also potentially not viable in the long term due to declining volumes. Although volumes are likely to increase due to modification 0665 this will not offset the long-term decline which for WWU has been from 215 in 2005 to 45 (plus 2 IGT) in 2019. The proposal is to not materially change the services just who provides them. For the avoidance of doubt, this proposal does not affect arrangements for DNO and NTS connected sites that are telemetered however it does affect IGT Class 1 Supply Meter Points and the one NTS Class 1 Supply Meter Point that is not telemetered.

What

Class 1 reads are currently 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 transfer the obligation to the CDSP with the CDSP charging parties for services provided. This change will also impact IGTs as under the terms of IGTAD E, DNOs provide a daily read service for DM CSEPs.

Why

This change will give Shippers more control over the service as well as providing a centrally procured service for a low volume but vital activity. Maintaining the existing arrangements is not a viable long-term option because volumes of Class 1 reads have been declining since 2005 and retaining the service as a Transporter obligation runs the risk of it becoming uneconomic in the future. Transferring the obligation to Shippers is not viable as Shippers would need to have some in house functions and this may discourage competition between Shippers in this market segment. Central provision is a reasonable compromise as it will secure the service and give Shippers collectively control over the service.

How

The modification will achieve its objective by making the CDSP responsible for providing the Class 1 read service and charging parties for the services provided. The current uncapped liability regime on Transporters will cease. We envisage a hard cutover from the current transporter provision to CDSP provision.

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;
- proceed to a workgroup for assessment.

3 Why Change?

Continued provision by DNOs runs the risk of the service becoming uneconomic and feedback from previous discussions is that provision of the service by individual Shippers is not attractive and may restrict competition in this market segment. Although moving to CDSP provision does not provide each Shipper individual control it allows Shippers to collectively define the service.

Shippers currently pay each Transporters for the service provided, if this modification is implemented they will continue to pay for the service but rather than pay DNOs they but will instead pay the CDSP under new DSC service lines.

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 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%202.pdf).

Knowledge/Skills

Not relevant.

5 Solution

The solution will transfer the existing Class 1 read obligations from DNOs to the CDSP.

The current processes and timescales will continue as currently namely the CDSP will provide the read to the Shipper by 11am on D.

DNOs will cease to charge Shippers and this will be replaced by DSC service lines for services to both Shippers and Transporters.

Shippers will DNOs will remove the DM read and DM asset charges from their metering charging statements

The existing obligation for Transporters to:

- 1) pay liabilities for failure to provide the reads (TPD 7)

will cease and will not be replaced by an obligation on the CDSP

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)
- 2) Make consumption adjustments (TPD M 1.9.2)

- 3) provide within day hourly reads obtained from Class 1 Supply Meter Points to Shippers on request (TPD M 6.5)

will cease and pass to the CDSP and the CDSP will also acquire a new obligation to

- 4) provide within day hourly reads obtained from Class 1 Supply Meter Points to Transporters on request (TPD M 6.5)

TPD M 6.2.5 and 6.3.4 will be amended to remove the reference to Transporter's Metering Charging Statements in relation to the DM asset and DM read charges. New DSC service lines will be created by this modification.

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 so the UNC text needs to ensure that provisions remain for telemetered Class 1 Supply Meter Points where the Transporter owns the read equipment.

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.

TPD M8 and IGTAD 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 review and amendment to reflect the changes in Class 1 arrangements.¹

Transition

Cadent, NGN and WWU currently use one service provide and SGN use another. The proposal is that initially these contracts will novate to the CDSP on the day the CDSP takes over provision. The CDSP will subsequently procure a replacement service provider.

Cutover

Following the cutover from DNO and NTS provision to CDSP 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. Although the contractual arrangements will have changed the service providers will not so there should not be system impacts.

Below is a 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..

¹ 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

Transporter obligation	Provision end or start date	CDSP obligation	Provision start or end date
TPD M 1.9.2 Make consumption adjustments	Ends on Day before the Gas Flow Day on which CDSP takes over the service	Obligation transfers	Starts on Gas Flow Day on which CDSP takes over the service
TPD M 5.6 Submit reads to Shippers by 11am on D+1	Ends on Day before the Gas Flow Day on which CDSP takes over the service	Obligation transfers	Starts on Gas Flow Day on which CDSP takes over the service
TPD M 5.12 Perform annual check reads and resynchronisation	Ends on Day before the Gas Flow Day on which CDSP takes over the service	Obligation transfers	Starts on Gas Flow Day on which CDSP takes over the service
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 on which CDSP takes over the service	Obligation transfers	Starts on Gas Flow Day on which CDSP takes over the service
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 on which CDSP takes over the service	Obligation to provide to Shipper transfers, additional obligation to provide to Transporters on request	Starts on Gas Flow Day on which CDSP takes over the service
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)	No obligation	
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		
Consequential changes to TPD M			
General	Likely to be consequential changes		
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	Needs amending to reflect CDSP provision. Remove reference to Transporter's Metering Charging Statement in 6.2.5..		

TPD M 6.3 Daily Meter Readings	Needs amending to reflect CDSP provision. Remove reference to Transporter's Metering Charging Statement in 6.3.4. Provisions required for Class 1 Telemetered Supply Meter Points
Changes to DSC	
New service line	Service line provision of Class 1 reads to Shippers (envisage one charge rather than current DM read and DM asset charge)
New service line	Service line (optional service) provision of within day reads to Shippers and Transporters

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 give Shippers more control of the Class 1 read service. 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. Removing the liabilities may result in a cheaper service as Shippers internalise the benefits and costs of achieving a given standard. The resulting service should better reflect customer requirements.

Cross Code Impacts

There will be an impact on the IGT UNC as the DNOs will no longer provide a service to IGTS. Therefore, it is sensible that this workgroup is operated as a cross code workgroup with the IGT UNC. 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 may require some changes to central systems, although as the process will not change these should be small. The main change to CDSP will be that it has a new commercial relationship to manage. Operationally this should be easier as the CDSP will have a direct relationship with a service provider, currently the service is procured by DNOs who have one service provider (DMSP) providing data to another (CDSP).

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 although the modification is drafted to minimise these changes. The proposal is for the change to come in during the summer on a date to be agreed.

9 Legal Text

To be provided.

10 Recommendations

Proposer's Recommendation to Panel

Panel is asked to:

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