

**UNC Workgroup 0570 Minutes**  
**Obligation on Shippers to provide at least one valid meter reading**  
**per meter point into settlement once per annum**

**Thursday 25 February 2016**

**Energy UK, Charles House, 5-11 Regent Street, London SW1Y 4LR**

**Attendees**

Alex Ross-Shaw*	(ARS)	Northern Gas Networks
Andy Clasper	(AC)	National Grid Distribution
Angela Love	(AL)	ScottishPower
Bob Fletcher (Chair)	(BF)	Joint Office
Chris Warner	(CW)	National Grid Distribution
Colette Baldwin	(CB)	E.ON UK
David Mitchell	(DM)	Scotia Gas Networks
David Reilly	(DR)	Ofgem
Fraser Mathieson	(FM)	Scotia Gas Networks
Gavin Anderson	(GA)	EDF Energy
Hilary Chapman	(HC)	Xoserve
John Welch	(JW)	RWE npower
Karen Visgarda (Secretary)	(KV)	Joint Office
Kirsten Elliott-Smith	(KES)	Cornwall Energy
Lorna Lewin	(LL)	DONG Energy
Mark Jones	(MJ)	SSE
Rachel Hinsley	(RH)	Xoserve
Richard Pomroy*	(RP)	Wales and West Utilities
Robert Cameron-Higgs*	(RCH)	Good Energy
Steve Mulinganie*	(SM)	Gazprom

\* *via teleconference*

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0570/250216>

The Workgroup Report is due to be presented at the UNC Modification Panel by 19 May 2016.

## 1.0 Outline of Modification

AL introduced the modification and provided an overview of the presentation, 'Modification 0570 – Obligation on Shippers to provide at least one valid meter reading per meter point into settlement once per annum'.

AL stated the reason for the change was because there was a Supply Licence (SLC 21B.4) requirement to take all reasonable steps to obtain a meter reading at least once every year, however, there was nothing that required that meter readings were then provided into the settlement regime every year to assure settlement accuracy.

AL then explained that the AQ Review process had identified that Shippers had readings that were not being provided to the Transporters' Agent for every meter point.

AL explained by introducing a requirement to submit a reading into the settlement system every year, there should be an increase in settlement accuracy and also ensure that reconciliation did not time out (via the line in the sand). AL also made mention that the Panel had determined in December that Modification 0570 should be deferred pending

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consideration of Modification 0564R, and that now the Panel had agreed with the Workgroups recommendation that, Modification 0570 should be developed.

AL presented the proposed solution regarding the Settlement process and reporting process, where reporting would be produced by Transporters to monitor Shippers performance. She also made mention of the possible impacts of the changes to arrangements via Project Nexus. She then overviewed 3 potential options:-

1. A target set by the Performance Assurance Committee;
2. A three year rolling target, with a view to reaching [99 – 100]% performance before close out;
3. A target to be achieved with [x] months after Nexus Go-Live (includes a grace period).

A brief discussion then ensued regarding the meter read process and how Xoserve process these, and AL explained a target was proposed to ensure meter readings were read/provided in the correct manner.

General discussion took place surrounding the overall target setting and the need for accuracy in the measurement process, together with the appropriate required timelines. A lengthy debate ensued regarding the importance of needing 'science' behind the targets and for the Performance Assurance Committee (PAC) to look at the balance of previous data. It was also debated if there was a need for something as an interim measure, while the PAC was being formed and confirmed. AL explained the PAC Terms of Reference were being discussed at the next UNCC, however, she did point out, without the Gas Forum to establish the Committee, it could take sometime from the Shipper Representative perspective.

GA asked if targets were really needed due to the existing Supplier Licence Conditions and that they would want to know and understand how these targets and metrics would be linked to performance, especially in relation to Settlement. SM also agreed with this comment suggesting more detail would need to be known surrounding performance and meter readings and if this should be left to PAC.

AL overviewed the Xoserve rejection rate percentages and the time out rejection rate and she **explained** **believed** that Ofgem did not want to see targets just to drive performance, they needed a realistic level of achievability which wouldn't place an unacceptable financial burden on the industry. A lengthy debate then ensued surrounding the potential 3 options and the role of the PAC in relation to Settlement performance. CB explained she had done some analysis on the Settlement figures with Shippers below 85% being few and usually with very small portfolios, however, the energy levels were not known, so the Shippers could be large or small, without the relevant context being known.

The general discussion moved on to discuss the impact of the CMA evidence and the fact it was not known what the CMA had used as a requirement, together with the target for the CMA, was this Supplier based or the Industry as a whole.

AL reiterated the point that ScottishPower had concerns regarding the Meter Reading and Settlement process as there appeared to be no obligations to provide reads for settlement purposes. She proposed that Xoserve look at the Volume Constraints, to ensure these would not impact the provision of reads for such purposes. HC explained that there was a window to submit the reads and then the window was closed, and everyone was aware of the existing cap on system capacity for the submission of meter reads, however, this wouldn't be an issue under Nexus.

AL confirmed she would document the discussions and further develop the modification, as well as the 3 specific options for the next meeting on 24 March 2016.

**2.0 Initial Discussion**

**2.1. Initial Representations**

None received.

**2.2. Issues and Questions from Panel**

None raised.

**3.0 Next Steps**

BF confirmed that Scottish Power (AL) would further develop the modification encompassing the feedback received and discussed during this meeting.

**4.0 Any Other Business**

None.

**5.0 Diary Planning**

Further details of planned meetings are available at: [www.gasgovernance.co.uk/Diary](http://www.gasgovernance.co.uk/Diary)

Workgroup meetings will take place as follows:

Time / Date	Venue	Workgroup Programme
10:30 24 March 2016	31 Homer Road, Solihull, B91 3LT	Detail planned agenda items. <ul style="list-style-type: none"> <li>• Amended Modification</li> <li>• Consideration of Business Rules</li> <li>• Consideration of User Pays</li> <li>• Review of Impacts and Costs</li> <li>• Review of Relevant Objectives</li> <li>• Consideration of Wider Industry Impacts</li> <li>• Consideration of Legal Text</li> <li>• Development of Workgroup Report</li> </ul>