

UNC Request		At what stage is this document in the process?
<h1>UNC 0694R:</h1> <h2>CDSP provision of Class 1 Read service</h2>		<div style="display: flex; flex-direction: column; align-items: flex-start;"> <div style="border: 1px solid #800040; border-radius: 5px; padding: 5px; margin-bottom: 5px; width: 100%;">01 Request</div> <div style="border: 1px solid #0070C0; border-radius: 5px; padding: 5px; margin-bottom: 5px; width: 100%;">02 Workgroup Report</div> <div style="border: 1px solid #FF8C00; border-radius: 5px; padding: 5px; width: 100%;">03 Final Modification Report</div> </div>
<p>Purpose of Request:</p> <p>Modification Proposal 0647 proposed that Shippers should become responsible for the provision of Class 1 Reads. Work on that solution has suggested that a better solution may be some form of central provision by the CDSP. This Request is to enable exploration of this option and to develop a proposal that can be raised as a Modification Proposal in due course.</p>		
	<p>The Proposer recommends that this Request should be assessed by a Workgroup This Request will be presented by the Proposer to the Panel on 20 June 2019</p>	
	<p>High Impact: Shippers that have or may have Class 1 Supply Meter Points, Transporters, CDSP</p>	
	<p>Medium Impact: IGTs who will be impacted by a change to the arrangements</p>	
	<p>Low Impact: None</p>	

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4 Recommendation	8	Proposer: Richard Pomroy Wales & West Utilities
About this document:		 Richard.Pomroy@wwutilities.co.uk
This document is a Request, which will be presented by the Proposer to the panel on 20 June 2019.		 029 2027 8552 or 07812 973337
The Panel will consider the Proposer's recommendation and agree whether this Request should be referred to a Workgroup for review.		Transporter: Wales & West Utilities
		 Richard.Pomroy@wwutilities.co.uk
		 029 2027 8552 or 07812 973337
		Systems Provider: Xoserve
		 UKLink@xoserve.com

1 Request

Why is the Request being made?

The number of Class 1 Supply Meter Points has fallen to about 25% of the total that existed at Network Sales in 2005 and there is a risk that in the longer term it is no longer economic for Transporters to procure this service individually. Modification 0647 proposed that the responsibility for obtaining Class 1 Reads, currently the responsibility of Transporters, should transfer to Shippers who would be required to fulfil the Class 1 read obligation themselves, giving them the freedom to obtain this service as they choose. During the development of this proposal it became clear that there were some challenges to this approach, in particular, the requirement for Shippers to have an in-house facility to manage the process which may be a particular challenge to Shippers with a small number of Class 1 Supply Meter Points. This could result in a reduction in competition between Shippers for this market sector if some Shippers decided that it was not be economic to provide this service. The cost of the transition was also a factor though was significantly reduced following further analysis. Therefore, it appears that central provision of Class 1 Read service by the CDSP may be a better long-term solution that makes use of central systems. Although as a general rule meter reading is competitive there appears to be little appetite for opening this service to competition and more concern about having an efficient and cost-effective service.

Scope

To explore whether the provision of Class 1 Reads should be procured by the CDSP as a central service, how this could be done, when would be a sensible commencement date, to whom the service would be provided and the requirements of the service in terms of read frequency and performance.

Impacts & Costs

The CDSP will need to procure a service provider and consider how to transfer the existing service provider contracts or whether they will do new procurement event. Transporters will need to ensure that their existing contracts are terminated or novated and that they are financially whole when the transfer occurs. IGTs are impacted as they currently use the service provided by Transporters (DNOs and NTS). Shippers will need to consider the service levels required. All parties need to consider whether the service should be solely for Shippers or whether services should also be available to Transporters and IGTs. Transporters need to consider their licence obligation in relation to the tariff cap for Daily Metered read charge (note that the Daily Metered asset charge is not tariff capped).

Recommendations

Objectives:

- 1) To determine whether CDSP provision of the Class 1 Read service is feasible
- 2) To determine the steps required to deliver this
- 3) To specify the service and consider impact in sufficient detail to enable a Modification Proposal to be drafted
- 4) To propose a commencement date

This service requires workgroup discussion as there are options around the nature of the service, such as whether the service only provide services to Shippers or whether it provides services to

Transporters, as well as the service levels required for example what percentage of reads should be provided on by D+1.

Implementation is also a key issue as Transporters have contracts with their service providers and this transition needs to be managed.

Shippers would need to consider the service and its funding should it be provided by the CDSP and transition from Transporter provided services.

Additional Information

Members should be familiar with the discussions at Workgroup 0647 and the latest published version of the Workgroup Report.

<http://www.gasgovernance.co.uk/0647>

2 Impacts and Costs

Consideration of Wider Industry Impacts

Opening Class 1 reads to competition is consistent with the general approach that metering meter reading are Supplier obligations and therefore competitive. The decline in the number of Class 1 supply Meter Points over the last 15 years and the focus on Unidentified Gas means that the concern is more focussed on an efficient and cost-effective service. Shippers have indicated that providing an in-house service for a small number of Class 1 Supply Meter Points is not cost effective and may reduce the number of Shippers that will compete for Class 1 Supply Meter Points. There are concerns that should there be a further decline in the Class 1 population in the future then it may not be possible to obtain a service that can be provided in accordance with the tariff cap in Transporters' licence. For these reasons it is desirable to consider central provision of this service.

Impacts

Impact on Central Systems and Process	
Central System/Process	Potential impact
UK Link	<ul style="list-style-type: none"> Impact
Operational Processes	<ul style="list-style-type: none"> Impact

Impact on Users	
Area of Users' business	Potential impact
Administrative and operational	<ul style="list-style-type: none"> Impact
Development, capital, and operating costs	<ul style="list-style-type: none"> Unlikely
Contractual risks	<ul style="list-style-type: none"> Impact
Legislative, regulatory, and contractual obligations and relationships	<ul style="list-style-type: none"> Impact

Impact on Transporters	
Area of Transporters' business	Potential impact

Impact on Transporters	
System operation	<ul style="list-style-type: none"> • Impact
Development, capital, and operating costs	<ul style="list-style-type: none"> • Potential impact
Recovery of costs	<ul style="list-style-type: none"> • Impact
Price regulation	<ul style="list-style-type: none"> • No impact
Contractual risks	<ul style="list-style-type: none"> • Impact
Legislative, regulatory, and contractual obligations and relationships	<ul style="list-style-type: none"> • Impact
Standards of service	<ul style="list-style-type: none"> • Impact

Impact on Code Administration	
Area of Code Administration	Potential impact
Modification Rules	<ul style="list-style-type: none"> • No impact
UNC Committees	<ul style="list-style-type: none"> • No impact
General administration	<ul style="list-style-type: none"> • No impact
DSC Committees	<ul style="list-style-type: none"> • Change Proposal will be required

Impact on Code	
Code section	Potential impact
	<ul style="list-style-type: none"> • TPD M impacted

Impact on UNC Related Documents and Other Referenced Documents	
Related Document	Potential impact
Network Entry Agreement (TPD I1.3)	<ul style="list-style-type: none"> • No impact
General	Potential Impact
Legal Text Guidance Document	<ul style="list-style-type: none"> • No impact
UNC Modification Proposals – Guidance for Proposers	<ul style="list-style-type: none"> • No impact
Self-Governance Guidance	<ul style="list-style-type: none"> • No impact
TPD	Potential Impact
Network Code Operations Reporting Manual (TPD V12)	<ul style="list-style-type: none"> • No impact
UNC Data Dictionary	<ul style="list-style-type: none"> • No impact

Impact on UNC Related Documents and Other Referenced Documents	
AQ Validation Rules (TPD V12)	<ul style="list-style-type: none"> No impact
AUGE Framework Document	<ul style="list-style-type: none"> No impact
Customer Settlement Error Claims Process	<ul style="list-style-type: none"> No impact
Demand Estimation Methodology	<ul style="list-style-type: none"> No impact
Energy Balancing Credit Rules (TPD X2.1)	<ul style="list-style-type: none"> No impact
Energy Settlement Performance Assurance Regime	<ul style="list-style-type: none"> Potential impact
Guidelines to optimise the use of AQ amendment system capacity	<ul style="list-style-type: none"> No impact
Guidelines for Sub-Deduct Arrangements (Prime and Sub-deduct Meter Points)	<ul style="list-style-type: none"> Minor impact
LDZ Shrinkage Adjustment Methodology	<ul style="list-style-type: none"> No impact
Performance Assurance Report Register	<ul style="list-style-type: none"> No impact
Shares Supply Meter Points Guide and Procedures	<ul style="list-style-type: none"> No impact
Shipper Communications in Incidents of CO Poisoning, Gas Fire/Explosions and Local Gas Supply Emergency	<ul style="list-style-type: none"> No impact
Standards of Service Query Management Operational Guidelines	<ul style="list-style-type: none"> No impact
Network Code Validation Rules	<ul style="list-style-type: none"> No impact
OAD	Potential Impact
Measurement Error Notification Guidelines (TPD V12)	<ul style="list-style-type: none"> No impact
EID	Potential Impact
Moffat Designated Arrangements	<ul style="list-style-type: none"> No impact
IGTAD	Potential Impact
	<ul style="list-style-type: none"> Impacted
DSC / CDSP	Potential Impact
Change Management Procedures	<ul style="list-style-type: none"> No impact but Change Proposal will be required
Contract Management Procedures	<ul style="list-style-type: none"> No impact
Credit Policy	<ul style="list-style-type: none"> No impact

Impact on UNC Related Documents and Other Referenced Documents	
Credit Rules	<ul style="list-style-type: none"> No impact
UK Link Manual	<ul style="list-style-type: none"> Impact

Impact on Core Industry Documents and other documents	
Document	Potential impact
Safety Case or other document under Gas Safety (Management) Regulations	<ul style="list-style-type: none"> No impact
Gas Transporter Licence	<ul style="list-style-type: none"> No impact

Other Impacts	
Item impacted	Potential impact
Security of Supply	<ul style="list-style-type: none"> No impact
Operation of the Total System	<ul style="list-style-type: none"> No impact
Industry fragmentation	<ul style="list-style-type: none"> Potentially reduced
Terminal operators, consumers, connected system operators, suppliers, producers and other non code parties	<ul style="list-style-type: none"> Impact on existing DM Service Providers and IGTs

3 Terms of Reference

Background

These terms of reference build on the proposers presentation.

<https://gasgov-mst-files.s3.eu-west-1.amazonaws.com/s3fs-public/ggf/book/2019-03/Mod%20Presentation%200647%20-%20Opening%20Class%201%20Reads%20to%20Competition%20Implementation.pdf>

and the subsequent discussion at Workgroup 0647 on 28 March 2019. A link to the minutes is below.

<https://gasgov-mst-files.s3.eu-west-1.amazonaws.com/s3fs-public/ggf/book/2019-04/Minutes%200647%20280319%20v%202.0.pdf>

At this workgroup it was agreed that investigation of a CDSP solution was appropriate. This review has been raised to provide transparency since the new approach is a major change from the solution that Modification 0647 was proposing and should signal to parties that have not participated in Workgroup 0647 that a change of approach is proposed.

Topics for Discussion

- Understanding the objective – CDSP provision of service, scope, and nature of service, expected Class 1 population over next 5 years
- Assessment of alternative means to achieve objective – options for contractual arrangements, which services provided to which parties, options for performance measures
- Development of Solution including business rules for preferred solution
- Assessment of potential impacts of the Request, including DMSPs and IGTs, contractual arrangements and licence compliance, impact on UIG
- Assessment of implementation costs of any solution identified during the Request – costs, timescales, and implementation method
- Assessment of draft modification and associated Legal Text.

Outputs

Produce a Workgroup Report for submission to the Modification Panel, containing the assessment and recommendations of the Workgroup including a draft modification where appropriate.

Composition of Workgroup

The Workgroup is open to any party that wishes to attend or participate.

A Workgroup meeting will be quorate provided at least two Transporter and two User representatives are present.

Meeting Arrangements

Meetings will be administered by the Joint Office and conducted in accordance with the Code Administration Code of Practice.

4 Recommendations

Proposer's Recommendation to Panel

The Proposer invites the Panel to:

- DETERMINE that Request 0694R progress to Workgroup for review for six months.