

# 0576:

## Generation of an estimated Meter Reading at the Code Cut Off Date in the absence of an actual Meter Reading



This Modification would provide Transporters with an ability to create an estimated Meter Reading with an effective date of the Code Cut Off Date where no Meter Reading has been received within the previous seven years.



Panel consideration is due on 21 July 2016



High Impact: None



Medium Impact: Shipper Users and Transporters



Low Impact: None

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<b>About this document:</b>		
This Final Modification Report will be presented to the Panel on 21 July 2016. The Authority will consider the Panel's recommendation and decide whether or not this change should be made.		Transporter: <b>National Grid Distribution</b>
The Workgroup recommended the following timetable:		
Initial consideration by Workgroup	12 April 2016	Systems Provider: <b>Xoserve</b>
Amended Modification considered by Workgroup	06 June 2016	
Workgroup Report presented to Panel	16 June 2016	 <a href="mailto:commercial.enquiries@xoserve.com">commercial.enquiries@xoserve.com</a>
Draft Modification Report issued for consultation	16 June 2016	
Consultation Close-out for representations	07 July 2016	
Final Modification Report published for Panel	08 July 2016	
UNC Modification Panel recommendation	21 July 2016	

# 1 Summary

## Is this a Self-Governance Modification?

The Modification Panel determined that this is not a self-governance Modification as it is expected to have a material impact on parties or impact competition.

The Workgroup agreed with the Panel's determination on self-governance as this Modification is likely to impact allocated consumption and therefore could impact competition.

## Is this a Fast Track Self-Governance Modification?

This Modification is not proposed as a fast track Modification as it is not an administrative change to the Code.

## Why Change?

Where a Meter Reading has not been received by the Transporter Agency, Xoserve, for seven years or more, there is a need for Xoserve to calculate and load an estimated Meter Reading, based on the Code Cut Off Date in order for the relevant Supply Point to reconcile upon receipt of a subsequent Meter Reading.

## Solution

It is proposed that where a Meter Reading is not present following 1<sup>st</sup> April in the Formula Year (t) t-6 it is proposed that the Transporter would calculate an estimated Meter Reading for the Code Cut Off Date – i.e. this would be 1<sup>st</sup> April in Formula Year t-3. For example, if by 31<sup>st</sup> March 2018 a Meter Reading has not been received after 1<sup>st</sup> April 2012 an estimated Meter Reading would be calculated with an effective date of 1<sup>st</sup> April 2015.

## Relevant Objectives

This Modification would further relevant objective d) 'Securing of effective competition between relevant Shippers and relevant Suppliers'.

This Modification would impact f) 'Promotion of efficiency in the implementation and administration of the Code'.

## Implementation

No implementation timescales are proposed.

## Does this modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

This Modification is required to support implementation of the UK Link Replacement programme (which incorporates the changes required for Project Nexus). This is because it assists transition to and maintenance of the requirements set out in the Project Nexus Business Requirement Documentation.

There is no impact on the Ofgem SCR.

## 2 Why Change?

The UNC sets out the requirements for Meter Reading submission. There is a population of approximately 17,000 Supply Meter Points for which a Supply Meter is recorded on the Supply Point Register as installed but a Valid Meter Reading has not been accepted since 1<sup>st</sup> April 2010. The UNC does not contemplate a circumstance where a Supply Meter remains unread for prolonged periods of time.

The Transporter Agency has been working with the industry through the Data Cleansing Workgroup to encourage Shipper Users to submit Valid Meter Readings for Supply Meters where the last recorded Meter Reading is many years old.

The Project Nexus arrangements implemented under UNC Modification 0432 introduces Individual Meter Point Reconciliation for all Supply Meter Points. The reconciliation process requires the use of certain data for the relevant period, e.g. Annual Load Profiles, etc. To efficiently implement and operate the UK Link system a maximum 7 years' data will be migrated to the new system (the remaining data will be archived and will still be accessible where required). Therefore where a Supply Meter has not been read within the last 7 years, no Meter Reading will be migrated to the new register and therefore there will be no Meter Reading recorded against which an Individual Meter Point Reconciliation can be performed when the next post-Nexus Meter Reading is accepted.

During development of the Modification, the Workgroup requested that the estimated Meter Reading takes account of the Weather Correction Factor, consistent with the revised approach defined in UNC TPD Section H 2.2.1. This was introduced in Modification 0432, which will be implemented at Project Nexus Implementation Date. This is intended to be applied for both the transitional and enduring calculation processes.

The Workgroup also proposed that Meter Readings submitted as part of the AQ Amendment process (pre-Nexus) are considered in order to calculate the estimated Meter Read as part of the transitional process.

## 3 Solution

Where a Meter Reading is not recorded on the Supply Point Register following the 1<sup>st</sup> April in Formula Year t-6 it is proposed that the Transporter would calculate an estimated Meter Reading as at the Code Cut Off Date – i.e. this would be 1<sup>st</sup> April in Formula Year t-3. An example of this is that if by 31<sup>st</sup> March 2018 a Meter Reading has not been received after 1<sup>st</sup> April 2012 an estimated Meter Reading would be inserted with an effective date of 1<sup>st</sup> April 2015 (being the relevant Code Cut Off Date).

This would be an enduring process. However, the solution would be initially applied as part of migration to the UK Link system incorporating the Project Nexus requirements. In this respect transitional terms are required.

- The estimated Meter Read shall take account of the Weather Correction Factor consistent with the revised approach defined in UNC Section H 2.2.1 as introduced in Modification 0432 to be implemented at the Project Nexus Implementation Date. This shall be applied for both the transitional and enduring calculation processes.
- Where Meter Readings have been submitted during the AQ Amendment process these shall be considered as candidate readings, along with other Valid Meter Readings, from which to perform the Meter Reading estimation on the target read date.

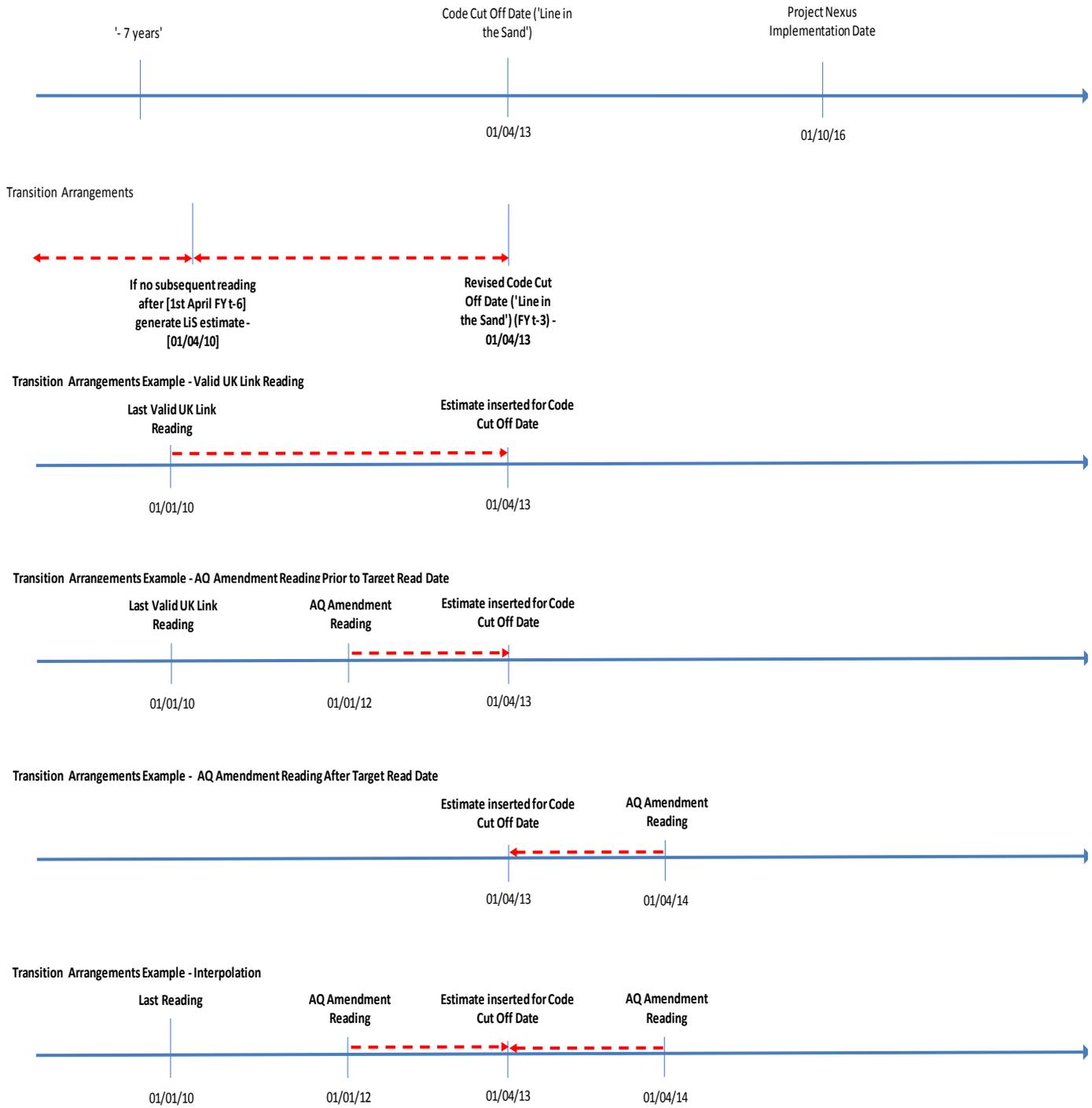
- Valid Meter Readings and/or AQ amendment Meter Readings available before the target read date and AQ amendment Meter Readings available after this date shall be used to interpolate the estimated Meter Reading if possible, otherwise it will be necessary to extrapolate backwards or forwards from the available Meter Reading to determine the estimated Meter Reading.
- In circumstances where no record of a Meter Reading is available a Meter Reading of all zeroes would be recorded.
- Shipper Users may seek to replace any estimated Meter Reading with an actual Meter Reading provided that the estimated Meter Reading is within the period of that User's Supply Point Registration.

It is assumed that these Supply Points would be within the same User's ownership. This is because in absence of a Valid Meter Reading an estimated Meter Reading would have been inserted where a Change of Shipper User event had occurred.

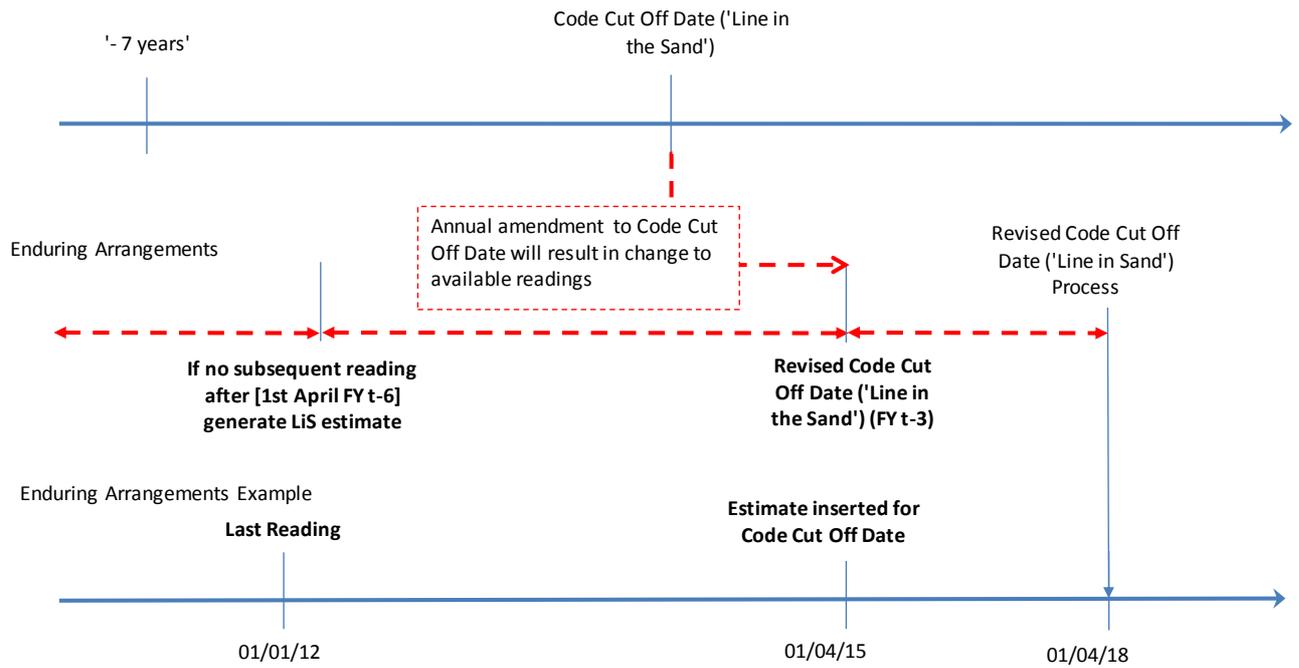
The solution would be initially applied as part of migration to the UK Link system incorporating the Project Nexus requirements. In this respect transitional terms are required to provide for an estimated Meter Reading to be determined at the prevailing Code Cut Off Date (3 - 4 years prior to the Project Nexus Implementation Date).

Transitional and enduring solutions are illustrated on the diagrams below. These are not intended to be exhaustive in that a number of scenarios can apply.

# Transitional arrangements



Enduring arrangements



User Pays	
Classification of the modification as User Pays, or not, and the justification for such classification.	No User Pays service would be created or amended by implementation of this Modification and it is not, therefore, classified as a User Pays Modification.
Identification of Users of the service, the proposed split of the recovery between Gas Transporters and Users for User Pays costs and the justification for such view.	N/A
Proposed charge(s) for application of User Pays charges to Shippers.	N/A
Proposed charge for inclusion in the Agency Charging Statement (ACS) – to be completed upon receipt of a cost estimate from Xoserve.	N/A

## 4 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.	Impacted
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

This Modification would further GT Licence relevant objective d) 'Securing of effective competition between relevant Shippers and relevant Suppliers'. This would be by enabling Transporters to insert an estimated Meter Reading for affected Supply Meters. In turn this would enable Individual Meter Point Reconciliation to take place at a Supply Meter Point when a subsequent Meter Reading is received, in doing so Transporters would be able to allocate consumption to the correct Shipper User.

Some Workgroup participants consider this Modification would facilitate the implementation of the UK Link Replacement programme (including the arrangements identified within Project Nexus UNC Modifications 0432, 0434 and 0440) allowing the transition from current systems and processes to the new versions. The measures identified can therefore be expected to facilitate relevant objective f) 'Promotion of efficiency in the implementation and administration of the Code. However, others felt this Modification was proposed to manage a system limitation/requirement and therefore did not further this relevant objective.

## 5 Implementation

No implementation timescales are proposed. However, this Modification could be implemented soon after an Ofgem decision to do so.

## 6 Impacts

### Does this modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

This Modification is required to support implementation of the UK Link Replacement programme (which incorporates the changes required for Project Nexus) as it assists transition to and maintenance of the requirements set out in the Nexus Business Requirement Documentation.

#### Pre Project Nexus Implementation

The changes would affect the UK Link Replacement programme prior to implementation. This is because the approaches identified within this Modification are necessary to efficiently migrate data to the target system.

#### Project Nexus Implementation

The changes identified within this Modification would be applicable on an enduring basis.

## 7 Legal Text

### Text Commentary

#### GENERATION OF AN ESTIMATED METER READING AT THE CODE CUT OFF DATE IN THE ABSENCE OF AN ACTUAL METER READING

##### Notes

1. This table is based on the draft legal text contained in Modification 0576 Workgroup report published on the Joint Office website on 07 June 2016.
2. Modification 0576 relates to the generation of an estimated Meter Reading at the Code Cut Off date in the absence of an actual Meter Reading.

TPD Section M (Supply Point Metering)	Topic	Explanation
New paragraph 5.4.5	Valid Meter Reading not submitted	States that if a Valid Meter Reading has not been submitted for a Read Date in the period from 1 April in Formula Year (t-6) to 1 April of the current Formula Year (t), then paragraph 5.4.6 shall apply (unless a Transporter estimated Meter Reading has already been calculated).
New paragraph 5.4.6	Estimated Meter Reading	States that the Transporter shall calculate an estimated Meter Reading for a Read Date of 1

		<p>April Formula Year (t-3) (<b>Code Cut Off Date</b>) in accordance with TPD Section M5.4.1(b) (which relates to the estimation of Metered Volume for Class 1 and Class 2 Supply Meters) and TPD Section M5.4.2 (which relates to the estimation of Metered Volume for Class 3 and Class 4 Supply Meters).</p> <p>For the purposes of the estimated Meter Reading calculations, where a Valid Meter Reading was submitted for a Read Date in Formula Year (t-7) the estimate shall be made in respect of the period from the Read Date of the last Valid Meter Reading to the Code Cut Off Date. Where no such Valid Meter Reading was submitted, the estimated Meter Reading shall be zero.</p>
New 5.16.2	Updated Meter Reading	States that a User may submit an Updated Meter Reading to replace the Transporter estimated Meter Reading.
<b>TD Part IIF (Nexus Implementation)</b>	<b>Topic</b>	<b>Explanation</b>
New paragraph 7.8.1	Valid Meter Reading not submitted	States that if on the Nexus Implementation Date a Valid Meter Reading has not been submitted in the period from 1 April in Formula Year (t-6), paragraph 7.8.2 shall apply.
New paragraph 7.8.2	Estimated Meter Reading	<p>States that the Transporter shall calculate an estimated Meter Reading for a Read Date of 1 April Formula Year (t-3) (<b>Code Cut Off Date</b>) in accordance with paragraph TPD Section M5.4.1(b) (which relates to the estimation of Metered Volume for Class 1 and Class 2 Supply Meters) and TPD Section M5.4.2 (which relates to the estimation of Metered Volume for Class 3 and Class 4 Supply Meters).</p> <p>For the purposes of the estimated Meter Reading calculations, the estimate shall be made in respect of the period from the Read Date of the last Valid Meter Reading prior to 1 April Formula Year (t-6) to the Code Cut Off Date. Where no such Valid Meter Reading was submitted, the estimated Meter Reading shall be zero.</p>

New paragraph 7.8.3	Notification of User Provisional Annual Quantity	States that where, prior to the Nexus Implementation Date, a User submitted Meter Readings in accordance with TPD G.1.6.5 (notification of User Provisional Annual Quantity) the Transporter may use the Meter Readings to calculate a more accurate estimated Meter Reading.
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## Text

The following Text has been prepared by National Grid Distribution, at the request of the UNC Modification Panel.

### TRANSPORTATION PRINCIPAL DOCUMENT

#### SECTION M – SUPPLY POINT METERING

*Re-number existing paragraph 5.4.5 as paragraph 5.4.7 and insert new paragraphs 5.4.5 and 5.4.6 to read as follows:*

"5.4.5 Where on 1 April in any Formula Year (t):

- (a) a Valid Meter Reading has not been submitted for a Supply Meter for a Read Date; and
- (b) the Transporter has not determined an estimated Meter Reading in accordance with paragraph 5.4.6 for a Read Date,

in the period from (and including) 1 April in Formula Year (t – 6) paragraph 5.4.6 shall apply.

5.4.6 Where this paragraph applies the Transporter shall determine an estimated Meter Reading for the Supply Meter for a Read Date of 1 April in Formula Year (t – 3) in accordance with paragraph 5.4.1(b) or 5.4.2 for which purposes:

- (a) where a Valid Meter Reading was submitted for a Read Date in Formula Year (t-7) the estimate shall be made in respect of the period from the Read Date of the last such Valid Meter Reading to 1 April in Formula Year (t-3);
- (b) where no such Valid Meter Reading was submitted for a Read Date in Formula Year (t-7) the estimated Meter Reading shall be zero."

*Re-number paragraphs 5.16.2 and 5.16.3 as 5.16.3 and 5.16.4 and insert new paragraph 5.16.2 to read as follows:*

"5.16.2 A User may submit an Updated Meter Reading to replace a Transporter estimated Meter Reading determined in accordance with paragraph 5.4.6 provided each of the requirements in paragraph 5.16.1 are satisfied."

## TRANSITION DOCUMENT

### PART IIF – NEXUS IMPLEMENTATION

Add new paragraph 7.8 to read as follows:

#### 7.8 Estimated Meter Readings

- 7.8.1 Where on the Implementation Date a Valid Meter Reading has not been submitted for a Supply Meter in the period from (and including) 1 April in Formula Year (t – 6) paragraph 7.8.2 shall apply.
- 7.8.2 Without prejudice to paragraph 7.8.3, where this paragraph applies the Transporter shall determine an estimated Meter Reading for the Supply Meter for a Read Date of 1 April in Formula Year (t – 3) in accordance with paragraph TPD Section M5.4.1(b) or 5.4.2 for which purposes:
- the estimate shall be made in respect of the period from the Read Date of the last submitted Valid Meter Reading (prior to 1 April in Formula Year (t-6)) to 1 April in Formula Year (t-3);
  - where no such Valid Meter Reading has been submitted the estimated Meter Reading shall be zero.
- 7.8.3 For the purposes of paragraph 7.8.2, where prior to the Implementation Date a User submitted Meter Readings for the purposes of TPD Section G1.6.5 (as applying prior to such date) the Transporter may use such Meter Readings for the purposes of determining a more accurate estimate for the purposes of paragraph 7.8.2.

## 8 Consultation Responses

The summaries in the following table(s) are provided for reference on a reasonable endeavours basis only. We recommend that all representations be read in full when considering this Report. Representations are published alongside this Report.

Of the 8 representations received implementation was unanimously supported.

Representations were received from the following parties:

Organisation	Response	Relevant Objectives	Key Points
British Gas	Support	d - positive f - positive	<ul style="list-style-type: none"><li>Will reduce the number of estimates that need to be generated for transition purposes and it will therefore increase overall accuracy of settlement after the Nexus implementation date.</li><li>Will enable estimates and a future effective settlement regime after Nexus is implemented in addition to the Transition arrangements.</li><li>Implementation of the transitional elements is required in readiness for Project Nexus go-live date</li></ul>
E.ON	Support	d - positive	<ul style="list-style-type: none"><li>Provides for suitable transition rules to facilitate individual meter point reconciliation where</li></ul>

		f - positive	<p>historically meter readings have either not been provided or haven't been accepted for settlement purposes.</p> <ul style="list-style-type: none"> <li>Implementation in advance of Project Nexus Go Live will ensure suitable transition reads are estimated as necessary.</li> </ul>
National Grid Distribution	Support	d - positive f - positive	<ul style="list-style-type: none"> <li>Implementation of the UK Link Replacement programme (which incorporates the changes required for Project Nexus) is supported by ensuring a Meter Reading is calculated and recorded on the Supply Point Register in the absence of a reading being provided by the Shipper User since 01 April 2010.</li> <li>Agrees with the Implementation timescales identified.</li> <li>Notes there are circa 17,000 Supply Meter Points that have a Supply Meter recorded on the Supply Point Register but for which a valid meter reading has not been accepted since 01 April 2010.</li> </ul>
RWE npower	Support	d - positive f - positive	<ul style="list-style-type: none"> <li>Allows for transition to individual meter point reconciliation where no meter reads are available and an estimate is required.</li> <li>Implementation should be prior to Project Nexus implementation and as soon as practicable to give Shippers certainty.</li> <li>Anticipates no further costs other than those involved in the delivery of Project Nexus.</li> </ul>
Scotia Gas Networks	Support	d - positive f - positive	<ul style="list-style-type: none"> <li>Facilitates the delivery of Project Nexus and creates an efficient asset management approach, by way of creating backstop arrangements in the absence of a meter reading being provided by the User.</li> <li>Implementation is required in advance of the Project Nexus Implementation Date.</li> <li>Costs may be incurred as part of the wider Project Nexus funding arrangements.</li> </ul>
SSE Supply	Support	d - positive f - positive	<ul style="list-style-type: none"> <li>Where a meter reading has not been received by the Transporters' Agent for seven years or more, an estimated meter reading needs to be generated to enable the relevant Supply Meter Point to reconcile upon receipt of a subsequent meter reading. This is necessary in order to ensure that gas settlement is as accurate as possible and that all Supply Meter Points are able to be reconciled when future readings are loaded.</li> <li>Implementation prior to the Project Nexus go live will allow estimated readings to be generated.</li> <li>Anticipates no further impacts or costs.</li> </ul>
The Renewable Energy Company (Ecotricity)	Support	d - positive f - positive	<ul style="list-style-type: none"> <li>Facilitates closer alignment with the electricity industry (which is a successful process and leads to greater allocation of energy).</li> <li>Should therefore lead to a reduction in unallocated</li> </ul>

			<p>gas charges to be shared between Shippers, and lead to a more balanced industry.</p> <ul style="list-style-type: none"> <li>• A Pre Nexus implementation would be in best interest to ensure a smooth transition.</li> <li>• Anticipates no further impacts or costs.</li> </ul>
Wales & West Utilities	Support	d - positive f - positive	<ul style="list-style-type: none"> <li>• Required to support implementation of the UK Link Replacement programme (which incorporates the changes required for Project Nexus).</li> <li>• Assists transition to and maintenance of the requirements set out in the Project Nexus Business Requirement Documentation.</li> <li>• Implementation as soon as possible, and before Project Nexus Implementation Date.</li> </ul>

Please note that late submitted representations will not be included or referred to in this Final Modification Report. However, all representations received in response to this consultation (including late submissions) are published in full alongside this Report, and will be taken into account when the UNC Modification Panel makes its assessment and recommendation.

## 9 Panel Discussions

## 10 Recommendation

### Panel Recommendation

Having considered the Modification Report, the Panel recommends:

- that proposed Modification 0576 [should/should not] be made.