

Stage 01: Request	At what stage is this document in the process?
<h1>0594R:</h1> <h2>Meter Reading Submission for Advanced &amp; Smart Metering</h2>	<div data-bbox="1193 282 1449 353">01 Request</div> <div data-bbox="1193 367 1449 439">02 Workgroup Report</div>
<p>The rollout of Advanced and Smart Metering delivers the opportunity to utilise more frequent consumption data throughout industry processes at marginal cost. This Request is to review the arrangements and requirements for Shippers to provide reads for Class 3 Supply Points and above where such equipment is utilised.</p>	
	<p>The Proposer recommends that this request should be assessed by a Workgroup</p>
	<p>High Impact: None</p>
	<p>Medium Impact: Shippers and Transporters</p>
	<p>Low Impact: None</p>

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<b>2 Impacts and Costs</b>	<b>5</b>	 <b>enquiries@gasgovernance.co.uk</b>
<b>3 Terms of Reference</b>	<b>7</b>	 <b>0121 288 2107</b>
<b>4 Recommendation</b>	<b>8</b>	Proposer: <b>Gazprom</b>
<b>About this document:</b>		 <b>Steve.mulinganie@azprom-mt.com</b>
This document is a Request, which will be presented by the Proposer to the panel on 15 September 2016.		 <b>07590 245256</b>
The Panel will consider the Proposer's recommendation, and agree whether this Request should be referred to a Workgroup for review.		Systems Provider: <b>Xoserve</b>
<b>Modification timetable:</b>		 <b><a href="mailto:commercial.enquiries@xoserve.com">commercial.enquiries@xoserve.com</a></b>
Initial consideration by Workgroup	22 September 2016	
Workgroup Report presented to Panel	18 January 2017	

# 1 Request

## Why is the Request being made?

The rollout of advanced and smart metering in the GB Gas market provides an opportunity for more granular consumption data (Data) to be provided into Central Industry Systems at marginal cost. The benefits of such Data being provided are well-established and should drive more accurate cost allocation.

Currently there are no requirements/obligations for Shippers to provide more frequent meter readings should a Smart/Advanced meter be installed. This Request is to consider options for the provision of this Data on a more frequent basis to support the Settlement process. It is believed that any proposals should apply to Class 1, 2 and 3 Supply Points; however this would be tested as part of the review.

## Scope

The workgroup would be asked to consider the merit of requiring that Supply Points with Smart and Advanced metering installed and operational such be required to operate in Class 3 and/or above.

The workgroup would be asked to consider: -

- Benefits from more frequent Data being available including (but not limited to)
  - Back Office Efficiencies
  - Reduced risk of historic and/or large reconciliations
  - Reduced finance costs / credit cover requirements
  - Reduced unidentified Gas
  - Scaling factor volatility
- Arrangements
  - Identification of eligible Supply Points in Central Systems
  - Frequency of submission – one size fits all or varied by class?
  - Ensuring compliance with the requirements
  - Reads failing validation – do these constitute 'fail to submit'?
  - Impact on Transporter Agency resources (if any) to address exceptions
  - Impact (if any) on credit and/or cash management arrangements
- Other considerations
  - Facilitating market entry
  - CMA outcome
  - Additional granularity to support Demand modelling
  - Electricity market arrangements
  - Impact on Offtake meter errors

- Timing –
  - post NEXUS plus [X]
  - Post RAASP plus [X]
- Impact on faster and more reliable switching
- Performance Assurance Framework
- Supplier/Shipper tipping points when considering UNC Product Class selection
- What behaviours might the proposed arrangements drive?

Note: When designing NEXUS Class 4 was introduced to ensure the status quo for Supply Points which currently did not have access to smart or advanced metering

## Impacts & Costs

The areas that may be impacted are discussed in the Scope section however the provision of more granular consumption data may be expected to deliver benefits in Settlement.

We would note that the NEXUS systems were built to be scalable in line with Smart Metering rollout and we do not envisage material extra cost in relation to central industry systems. For other users we believe the cost of provision of more Granular consumption data to be a matter of marginal cost.

## Recommendations

The rollout of advanced and smart metering solutions provides access to consumption granularity at marginal cost. It is important that the efficiencies envisaged to support the cost benefit case for the program are not lost and such benefits are leveraged across the whole market. With the implementation of project NEXUS and the ability to support more granular consumption data we should examine the benefits of ensuring this granularity is not lost in central systems and processes.

It is proposed that this Request is sent to the Distribution Workgroup for consideration and that a Report should be provided by January 2017 Panel

## Additional Information

We acknowledge that we are in the process of undertaking a number of significant industry projects however it is clear from the output from the CMA that a direction of travel is being set and the industry needs to demonstrate that it is fully leveraging the benefits of these programs.

## 2 Impacts and Costs

### Consideration of Wider Industry Impacts

We have not identified a specific material negative impact associated with undertaking this review

User Pays	
Classification of the modification as User Pays, or not, and the justification for such classification.	No User Pays costs are currently envisaged as Nexus has been designed for this future case, however the workgroup will identify if there are any indirect costs associated with any associated modifications or recommendations.
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

### Impacts

Impact on Transporters' Systems and Process	
Transporters' System/Process	Potential impact
UK Link	<ul style="list-style-type: none"> <li>More frequent consumption data will impact UKLink systems although NEXUS is scoped for scalability against advanced/smart rollout</li> </ul>
Operational Processes	<ul style="list-style-type: none"> <li>Managing more Supply Points in Class 3 and above may impact operational processes</li> </ul>
User Pays implications	<ul style="list-style-type: none"> <li>TBC</li> </ul>

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

### Impact on Transporters

Impact on Transporters	
Area of Transporters' business	Potential impact
System operation	<ul style="list-style-type: none"> <li>None expected</li> </ul>
Development, capital and operating costs	<ul style="list-style-type: none"> <li>None expected</li> </ul>
Recovery of costs	<ul style="list-style-type: none"> <li>None expected</li> </ul>
Price regulation	<ul style="list-style-type: none"> <li>None expected</li> </ul>
Contractual risks	<ul style="list-style-type: none"> <li>TBC</li> </ul>
Legislative, regulatory and contractual obligations and relationships	<ul style="list-style-type: none"> <li>TBC</li> </ul>
Standards of service	<ul style="list-style-type: none"> <li>None expected</li> </ul>

Impact on Code Administration	
Area of Code Administration	Potential impact
Modification Rules	<ul style="list-style-type: none"> <li>None</li> </ul>
UNC Committees	<ul style="list-style-type: none"> <li>Potentially a matter for PAC to consider.</li> </ul>
General administration	<ul style="list-style-type: none"> <li>None</li> </ul>

Impact on Code	
Code section	Potential impact
UNC	<ul style="list-style-type: none"> <li>Changes may be required to UNC to give effect to any proposal and a modification proposal may be an output of this review.</li> </ul>

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"> <li>None expected</li> </ul>
Network Exit Agreement (Including Connected System Exit Points) (TPD J1.5.4)	<ul style="list-style-type: none"> <li>TBC</li> </ul>
Storage Connection Agreement (TPD R1.3.1)	<ul style="list-style-type: none"> <li>None expected</li> </ul>
UK Link Manual (TPD U1.4)	<ul style="list-style-type: none"> <li>TBC</li> </ul>
Network Code Operations Reporting Manual (TPD V12)	<ul style="list-style-type: none"> <li>None expected</li> </ul>
Network Code Validation Rules (TPD V12)	<ul style="list-style-type: none"> <li>None expected</li> </ul>

Impact on UNC Related Documents and Other Referenced Documents	
ECQ Methodology (TPD V12)	<ul style="list-style-type: none"> <li>None expected</li> </ul>
Measurement Error Notification Guidelines (TPD V12)	<ul style="list-style-type: none"> <li>None expected</li> </ul>
Energy Balancing Credit Rules (TPD X2.1)	<ul style="list-style-type: none"> <li>TBC</li> </ul>
Uniform Network Code Standards of Service (Various)	<ul style="list-style-type: none"> <li>TBC</li> </ul>

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"> <li>None expected</li> </ul>
Gas Transporter Licence	<ul style="list-style-type: none"> <li>None expected</li> </ul>

Other Impacts	
Item impacted	Potential impact
Security of Supply	<ul style="list-style-type: none"> <li>None expected</li> </ul>
Operation of the Total System	<ul style="list-style-type: none"> <li>None expected</li> </ul>
Industry fragmentation	<ul style="list-style-type: none"> <li>None expected</li> </ul>
Terminal operators, consumers, connected system operators, suppliers, producers and other non code parties	<ul style="list-style-type: none"> <li>TBC</li> </ul>

## 3 Terms of Reference

### Background

The rollout of advanced and smart metering in the GB Gas market provide an opportunity for more granular consumption data to be provided into Central Industry Systems at marginal cost. The benefits of such consumption data being provided could drive more accurate cost allocation.

We believe it is timely to consider the utilisation of more granular consumption data within central industry processes.

It is suggested that the Workgroup review the Terms of Reference to ensure the topics are prioritised and any relevant areas included in the review.

## Topics for Discussion

- Understanding the objective
- Assessment of alternative means to achieve objective
- Development of Solution (including business rules if appropriate)
- Assessment of potential impacts of the Request
- Assessment of implementation costs of any solution identified during the Request
- Assessment of the legal text
- Consider impacts on Supplier/Shipper tipping points for Product Class Section
- Consider reporting requirements

## 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 Recommendation

The Proposer invites the Panel to:

- DETERMINE that Request 0594R progress to Workgroup for review with a report presented to the January 2017 Panel meeting.