

Modification 594R - Meter Reading Submission for Advanced & Smart Metering <i>Distribution Workgroup 24th November 2016</i>	Agenda item: XX	
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Subject: Changes to the Meter Reading Frequency for Advanced & Smart Meter Reading	For decision	
	For discussion	X
	For information	

Summary:

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

CMA Settlement Order

Since raising the review Group proposal the Competition Market Authority (CMA) have issued their Settlement Order which proposes to mandate the provision of daily reads provided monthly for all Advanced & Smart metering.

If this proposal is implemented as drafted then the workgroup has been made redundant and it is proposed that the review group will be withdrawn

Options

Operational Smart & Advanced Metering

Phase	Timeline	Read Frequency	Scope
1	PNID	Monthly	All
2	PNID + 12 months	Daily provided Monthly (min)	>732,500
3	PNID + 18 months	Daily provided Monthly (min)	>73,250
4	PNID + 24 months	Daily provided Monthly (min)	All

Issues

Issues	Comments
1 Cost Benefit Analysis	Any proposal will need a robust CBA to justify mandating provision of data
2 Xoserve's ability to support submission volumes	We will need Xoserve's confirmation that mandatory changes driving step changes in volume can be supported

3	Shippers ability to support submission volumes	We will need to consider that Class 3 & 2 utilisation is currently voluntary and parties may not have built / tested this functionality
4	Shippers ability to manage exceptions	Moving to more granular services will create more exceptions and the volume will scale
5	Shippers ability to support Class 3	See Issue 3
6	Shippers ability to support Class 2	See Issue 3
7	Ability to test volumes into Classes	We lack a central test environment to test large scale utilisation of Class 3 & 2.
8	Minimise rollout during Winter periods	Were possible we should try to avoid step changes during more volatile winter periods

Other Points

Benefits		Comment
1	Back Office Efficiencies	I assume this must relate to Central Systems as the data may be available without utilisation a more granular class. Obvious benefit of more granular data is the ability to roll back current line in sand timelines (Note: Cannot set aside the Statute of limitations)
2	Reduced risk of historic and/or large reconciliations	Logically more frequent data will “smooth” the effect
3	Reduced finance costs / credit cover requirements	It might be more appropriate to say it will better target
4	Reduced unidentified Gas	Early identification of risks could lead to a reduction in the amount of unidentified gas
5	Scaling factor volatility	More granular data should reduce the “tail end” of volatility i.e. the model will correct itself quicker

Arrangements		Comment
1	Identification of eligible Supply Points in Central Systems	Identifiers for Advanced & Smart are present
2	Frequency of submission – one size fits all or varied by class?	For larger Volumes it may be prudent to consider managing daily volumes to optimise system efficiency
3	Ensuring compliance with the requirements	Not sure what this is?
4	Reads failing validation – do these constitute ‘fail to submit’?	We should consider how Performance Management works
5	Impact on Transporter Agency resources (if any) to address exceptions	[Xoserve to provide]
6	Impact (if any) on credit and/or cash management arrangements	See Benefits – Issue 3

Other Considerations		Comment
1	Facilitating market entry	TBC
2	CMA outcome	Obviously a key factor as if it implements the Settlement Oder as drafted then this workgroup may well be redundant
3	Additional granularity to support Demand modelling	[DESC?]
4	Electricity market arrangements	[Perhaps consider cross fuel benefit – Gas to Power]
5	Impact on Offtake meter errors	More granularity downstream may help earlier identification of upstream errors on boundary meters
6	Timing	See Options table
7	RASP	Consider impact of Delayed RASP – now not being delivered in Oct-17
8	Impact on faster and more reliable switching	Due to deliver in 2019
9	Performance Assurance Framework	[PAC]
10	Supplier/Shipper tipping points when considering UNC Product Class selection	See Options table
11	What behaviours might the proposed arrangements drive?	TBC
Recommendation:		