

UNC 0634 Minutes
Revised estimation process for DM sites with D-7 zero consumption
Thursday 26 October 2017
at Elexon, 4th Floor, 350 Euston Road, London, NW1 3AW

Attendees

Andy Clasper	(AC)	Cadent
Andrew Margan	(AM)	Centrica
Angela Love	(AL)	Scottish Power
Bob Fletcher (Chair)	(BF)	Joint Office
Carl Whitehouse	(CWh)	First Utility
Charles Ruffell	(CR)	RWE
Chris Warner	(CWa)	Cadent
Claire Towler	(CT)	SSE
Darren Lond	(DL)	National Grid
David Addison	(DA)	Xoserve
David Mitchell	(DM)	SGN
David Reilly*	(DR)	Ofgem (UNC 0619/0619A)
Emily Wells	(EW)	Corona Energy
Frasier Mathieson	(FM)	SGN
Gareth Evans	(GE)	Waters Wye
Hilary Chapman	(HC)	SGN
John Burke*	(JB)	Cadent (AOB only)
John Welch	(JW)	npower
Jon Dixon	(JD)	Ofgem
Karen Visgarda	(KV)	Joint Office
Kathryn Turner*	(KT)	Good Energy
Kirsty Dudley	(KD)	E.ON
Kully Jones (Secretary)	(KJ)	Joint Office
Lorna Lewin	(LL)	DONG Energy
Mark Jones*	(MJ)	SSE
Nicky Rozier*	(NR)	(BUUK)
Rachel Hinsley	(RH)	Xoserve
Richard Pomroy	(RP)	Wales and West Utilities
Shanna Key	(SK)	Northern Gas Networks
Shardul Pandit*	(SP)	Wales and West Utilities
Steve Britton	(SB)	Cornwall Insight
Steve Mulinganie	(SM)	Gazprom
Tim Hammond	(TH)	Corona Energy

* *via teleconference*

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Copies of all papers are available at: <https://www.gasgovernance.co.uk/0634/261017>

The Modification is subject to Urgent Procedures and a timetable direct by the Authority and is to be issued to consultation on 27 October 2017.

1.0 Outline of Urgent Modification

BF stated that because of the Urgency status that had been granted to this modification, a compressed timetable had been directed by Ofgem. In response to a question from SM it was confirmed that the proposer has limited time to amend the modification before it is issued for consultation on 27 October 2017.

CWh provided an overview of the slides that were presented to the Modification Panel on 19 October 2017. He provided a summary of the modification explaining the necessity for Urgency, which was due to the additional burden placed on shippers as a result of both high and volatile UIG during the summer since the new UK Link system went live on 01 June 2017. He also stated the unintended consequence of the current mechanism is that if a DM site that is consuming gas, does not submit a Valid Meter Reading and the D-7 consumption is zero, the volume is allocated to Unidentified Gas (UIG) which is paid for by NDM shippers until a Valid Meter Reading is accepted. The proposal is to use a consumption estimate of AQ/365 where a DM site does not submit a valid meter reading and the D-7 consumption is zero.

2.0 Initial Discussion

SM raised a concern that there was potentially a materiality issue because the modification was addressing a transitional issue and he raised a concern about the effect on Business As Usual (BAU) – shouldn't this modification time out?

CWh confirmed that settlement losses from energy theft that are not accounted for at some point in the reconciliation process have been consistently assessed by the AUGES since 2012 as approx. 1% of total LDZ throughput. He asked DA to provide an update to the Workgroup on the analysis undertaken by Xoserve. DA confirmed that their analysis indicated that 96 sites are still not able to get actual reads in and that this figure had reduced to 73 as of Friday 20 October 2017. Xoserve considered the issue from a site-specific view, the analysis indicated that 31 sites have used a D-7 zero consumption. He stated that 21 of the 31 sites could have had a valid zero consumption based on historical data with the caveat that past performance is not always reliable or accurate.

This led to a lengthy discussion about the 10 sites which were potentially true erroneous sites. In response to a question from SM, DA confirmed that the 10 sites correspond to 50% of the volume of the 1% UIG issue. RH confirmed that they had cross-checked the data for these sites and confirmed that no sites are erroneous.

In response to a number of questions from the Workgroup, DA confirmed that:

- The 10 sites where D-7 is recorded as zero consumption correspond to a collective AQ of 0.45 TWh
- On the basis of the data from DMSP files the zero consumption readings are valid.
- It is not possible to exclude faulty data log issues.

CWh reiterated that there is a need to address the issue with a permanent solution and not just a transitional fix in response to SM. He confirmed that initial discussions had taken place with Xoserve in relation to the development of the solution and that Xoserve have indicated that a full system solution cannot be offered within the proposed timescales of this Urgent Modification. A solution to manually change the values was therefore being considered.

Within this solution there are 3 options:

- a. Retain zero figure
- b. Use AQ/365
- c. Use the actual consumption based on DLC file.

In response to a question from SM, DA confirmed that the manual adjustments would be applied only to Class 1 meter points. DL pointed out that the current modification makes reference to Class 1 and 2.

A protracted discussion on the 3 options took place. The key discussion points included:

- a. The need to explain why DLC file is being used (SM);
- b. The central part of the solution is the determination of whether a zero consumption is a valid outcome. This was the view of Xoserve and the basis for their opinion that a system change is not required;
- c. Differences of opinion on which option to adopt. Workgroup suggested the need for a hierarchy of options to be applied by Xoserve;
- d. Proposer considered the need for a mechanism to use a hierarchy to assess which option to use (AL). AM suggested that AQ/365 should be the last option;
- e. Concern that the rationale for this modification is in the context of a transitional issue which is targeting one-third of the sites with a zero-consumption reading. (SM);
- f. Proposer to clarify that this modification only applies to Class 1 meter points and excludes NTS sites (DL);
- g. Concerns raised about whether the consumption value is being driven by Shippers or Xoserve. DA confirmed that Shippers are well placed to determine values as they have the actual intelligence of their sites;
- h. Agreement that Shippers should be able to correct the zero value readings provided by Xoserve;
- i. The need to review the legal text to align with revised solution (SM);
- j. Impact on Xoserve resources of which method is adopted. DA confirmed that resources are available in the short term to address the transitional issues. Once the zero consumption values are eradicated there is unlikely to be a continuing need for support. It was suggested the long-term solution would need to be prioritised by the DSC Change Management Committee which would need to consider in which System Release the change could be accommodated;
- k. The hierarchy of options suggested by the Workgroup where as follows:
 - Where D-7 used, Shipper to be notified and to be given the ability to amend the consumption
 - Use AQ/365
 - Use zero based on Xoserve data.
- l. AL suggested that the proposer to consider the need for a 'sunset clause'. JD clarified that provision for a 'sunset clause' may not be necessary as the Modification process requires the Modification Panel to consider if the topic of Urgent Modification should be reviewed if it has been implemented. He also confirmed that within the Modification Rules Paragraph 10.3 enables the Modification Panel to submit the modification back to a Workgroup to consider the longer-term impacts.

3.0 Completion of Workgroup Report

Not considered.

4.0 Next Steps

BF confirmed that the proposer is going to consider amending the modification based on the suggestions during the meeting and that these will be provided to the Joint office for consultation on 27 November 2017. He also confirmed that legal text would be required for the Panel meeting on 09 November 2017.

5.0 Any Other Business

None

Action Table (as at 26 October 2017)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
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