

**UNC Workgroup 0635 Minutes**  
**Reforms to incentivise accurate and timely DM reads to improve the**  
**accuracy of Unidentified Gas allocation**  
**Thursday 23 November 2017**  
**Xoserve Limited, Lansdowne Gate, 65 New Road, Solihull, B91 3DL**

**Attendees**

Bob Fletcher (Chair)	(BF)	Joint Office
Helen Cuin (Secretary)	(HCu)	Joint Office
Andrew Margan	(AM)	Centrica
Andy Clasper	(AC)	Cadent
Angela Love *	(AL)	Scottish Power
Chris Warner	(CWa)	Cadent
Claire Towler	(CT)	SSE
Colin Blair *	(CB)	Scottish Power
David Addison	(DA)	Xoserve
David Mitchell	(DM)	SGN
Debbie Brace	(DB)	National Grid NTS
Emily Wells *	(EW)	Corona Energy
Gareth Evans	(GE)	Waters Wye
Gavin Anderson *	(GA)	EDF Energy
Jeremy Guard	(JG)	First Utility
Jon Dixon *	(JD)	Ofgem
Kathryn Turner *	(KT)	Good Energy
Lorna Lewin	(LL)	Orsted
Mark Jones	(MJ)	SSE
Rachel Hinsley	(RH)	Xoserve
Richard Pomroy	(RP)	Wales and West Utilities
Roger Somoo	(RS)	Utility Warehouse
Shanna Key	(SK)	Northern Gas Networks
Steve Mulinganie	(SM)	Gazprom
Steven Britton *	(SB)	Cornwall Insight

\* via teleconference

Copies of all papers are available at: <https://www.gasgovernance.co.uk/0635/231117>

The Workgroup Report is due to be presented at the UNC Modification Panel by 19 April 2018.

**1.0 Introduction and Status Review**

**1.1 Approval of Minutes (26 October 2017)**

AL clarified that she was not present at the 26 October meeting and requested she was removed from the list of attendees noted in the minutes. The minutes of the previous meeting were then approved.

## 2.0 Amended Modification

The Workgroup considered the changes to the Modification.

A question was raised about certain sites coming out of the process, and how these should be managed. GE anticipated 100 sites would need to come out of the process as they would no longer be Class1.

AL asked if Xoserve were happy with being able to use their discretion. RP explained in terms of the read liability in Class 1, they're under contract with the Transporters, where it is deemed appropriate a site should be removed and the risk of liabilities being incurred should be removed.

RP suggested that the industry could introduce a second mechanism, to test if the incentive mechanism is reliable.

CW made an observation for Class 1 sites where it could be identified the Shippers equipment was at fault the Transporter is not in control and therefore should not be liable, if however, a site is Class 2 and something fails the Shipper is liable, as they have full control over the equipment. CW explained under current UiG there would be no liabilities for failures on a collective basis, and for current DM read regime there are no liabilities on Shippers.

GE acknowledged there could be a disagreement on some of these sites as to what has gone wrong, which is not that Transporters fault, so this has been taken out. He emphasised the need to have the necessary drivers to encourage the right behaviours.

AL highlighted at recent Performance Assurance Committee (PAC) & Unidentified Gas (UiG) meetings, there was a suggestion that there should be an arbitrator to understand what is happening at a site.

DM explained that Xoserve are not required to determine if a read is accurate, however there is a need to understand the reasons for not providing a read, and if this is a failure of the DMSP, or if the read has been prevented from being loaded due to metering information, e.g. an asset failure, asset date failure, or corrector failure.

CW understood that where there is a failure the DMSP would be approached to ascertain why. The Transporter will record when the fault is not that of the Transporters and why.

SM noted in the context of discussions for upcoming modifications, and polluter pays principle, if providing a universal incentive for parties that don't provide reads, they should become subject to a charge associated with the subsequent impact due to the submission of estimated and potential errors.

GE explained that one option about changing to the current settlement regimes was to move to a pre-nexus regime for reconciliation and look at settlement errors and targeting parties who are contributing to the error.

SM challenged if this modification would be required in addition to the principles discussed in the recent UIG Solution Options Workgroup where Option 2A, if you are not a party contributing to settlement errors. He questioned if this principle cut across this modification.

GE explained the principles of 2A and that if you submit a read in the month you don't get an error. 2A does go back to the pre-nexus regime for Seasonal Normal and Reconciliation. If a read has been submitted in the calendar month during reconciliation you do not get an allocation for the settlement volume. He also mentioned there is a potential for a second modification surrounding the DESC methodologies.

It was clarified that 31 DN sites have not submitted a read since Nexus go-live. JG expressed concern about the time it has taken since the implementation of Project Nexus to resolve the issues surrounding these sites. RP explained that the equipment is reading as expected but the validation has failed and the reads will not load.

SM noted that the asset data is not validated and Class 1 sites are the Transporters responsibility, whereas Class 2 are the Shippers responsibility.

GE agreed to consider the concerns that have been expressed.

DA suggested a framework with an ability for segregation, he offered to outline a potential process and bring this to the next meeting for consideration. DA explained that effectively the CDSP would be asked to determine where in the process of the read being loaded did not enter UK Link. Or where else in the process did something fail i.e. was there a failure to take a reading? What was the failure and was this in the control of the DMSP? On what basis has the DMSP failed to provide a reading, and Xoserve will be validating the reason of a claim.

CW asked for clarity about where the money goes. GE suggested that this will feed into neutrality. CW highlighted that neutrality is an energy reconciliation. However, GE noted that UNC0395 - Limitation on Retrospective Invoicing and Invoice Correction, had a similar arrangement. RP explained in this situation Transporters and Shippers pay in, however pay-outs for neutrality are for Shippers only, not Transporters. GE explained that the Transporters are meter readers (DMSP) and the Transporters should not get a recompense as they are not exposed to settlement risks in the way Shippers were. GE confirmed he would clarify how this mechanism would work for the re-allocation of money adjustments.

AL confirmed that PAC is looking at the DM issues to understand what they are and this may be worthwhile keeping a watching brief to understand potential scenarios.

AM noted that settlement volatility had reduced to 2% and challenged if this modification would still be required if UiG remained at 2%. GE confirmed that the 2% measure at the D+5 position is not helpful for parties, as it is the within day figures that matters for parties buying gas.

It was agreed that further assessment of the modification would take place at the next meeting, which was deferred until 05 January 2018.

### 3.0 Consideration of Business Rules

Item deferred

### 4.0 Consideration of Liabilities and apportionment Mechanisms

Item deferred

### 5.0 Review of Impacts and Costs

Item deferred

### 6.0 Review of Outstanding Actions

**1001:** First Utility (GE) to provide clarity regarding the specific liabilities from a Transporter and Shipper perspective.

**Update:** Amended modification provided. **Complete.**

**1002:** National Grid NTS (DL) to discuss with First Utility (GE) the impacts on the systems within the Gemini system in relation to the DM Meter Read process.

**Update:** GE confirmed that this would be a change to the parameters, changing to them 0.1, and the parameters can be amended without having to rebuild the system code. DB also confirmed that some regression testing would need to be undertaken. **Complete.**

### 7.0 Next Steps

BF confirmed that this modification would be further developed within the Distribution Workgroup Meeting on 05 January 2018.

### 8.0 Any Other Business

None.

## 9.0 Diary Planning

Further details of planned meetings are available at: [www.gasgovernance.co.uk/Diary](http://www.gasgovernance.co.uk/Diary)

Workgroup meetings will take place as follows:

Time / Date	Venue	Workgroup Programme
10:30 Thursday 14 December 2017	Elexon, 350 Euston Road, London, NWE1 3AW	Cancelled
10:30 Friday 05 January 2018	Energy UK, Charles House 5- 11 Regent Street, London SW1Y 4LR	Detail planned agenda items. <ul style="list-style-type: none"> <li>• Amended Modification</li> <li>• Consideration of Business Rules</li> <li>• Review of Impacts and Costs</li> <li>• Development of Workgroup Report</li> </ul>
10:30 Thursday 25 January 2018	Solihull venue to be confirmed	<i>Standard Agenda items</i>
10:30 Thursday 22 February 2018	Elexon, 350 Euston Road, London, NWE1 3AW	<i>Standard Agenda items</i>
10:30 Thursday 22 March 2018	Solihull venue to be confirmed	<i>Standard Agenda items</i>

### Action Table (as at 23 November 2017)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
1001	26/10/17	1.0	First Utility (GE) to provide clarity regarding the specific liabilities from a Transporter and Shipper perspective.	First Utility (GE)	Complete
1002	26/10/17	1.0	National Grid NTS (DL) to discuss with First Utility (GE) the impacts on the systems within the Gemini system in relation to the DM Meter Read process.	National Grid NTS (DL) and First Utility (GE)	Complete