

UNC Modification	At what stage is this document in the process?
<h1>UNC 0651:</h1> <h2>Replacement of the Retrospective Data Update provisions</h2>	<div style="display: flex; flex-direction: column; gap: 10px;"> <div style="border: 1px solid #008080; padding: 5px; background-color: #008080; color: white; display: flex; align-items: center; justify-content: center;"> 01 Modification </div> <div style="border: 1px solid #008080; padding: 5px; display: flex; align-items: center; justify-content: center;"> 02 Workgroup Report </div> <div style="border: 1px solid #008080; padding: 5px; display: flex; align-items: center; justify-content: center;"> 03 Draft Modification Report </div> <div style="border: 1px solid #008080; padding: 5px; display: flex; align-items: center; justify-content: center;"> 04 Final Modification Report </div> </div>
<p>Purpose of Modification:</p> <p>This UNC Modification is seeking to amend those changes to the UNC identified within UNC Modification 0434 <i>Project Nexus – Retrospective Adjustment</i> specifically relating to Retrospective Data Updates, to incorporate the requirements of Option 4 as identified within the Request 0624R <i>Review of arrangements for Retrospective Adjustment of Meter Information, Meter Point/Supply Point and Address Data Workgroup</i>.</p>	
	<p>The Proposer recommends that this modification should be:</p> <ul style="list-style-type: none"> considered a material change and not subject to self-governance assessed by a Workgroup. <p>This modification will be presented by the Proposer to the Panel on 15 March 2018. The Panel will consider the Proposer’s recommendation and determine the appropriate route.</p>
	<p>Medium Impact:</p> <p>Shipper Users</p>

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Timetable		
The Proposer recommends the following timetable:		
Initial consideration by Workgroup	22 March 2018	
Workgroup Report presented to Panel	21 June 2018	
Draft Modification Report issued for consultation	21 June 2018	
Consultation Close-out for representations	12 July 2018	
Final Modification Report available for Panel	16 July 2018	
Modification Panel decision	19 July 2018	

1 Summary

What

The purpose of this UNC Modification is to remove the Retrospective Data Update elements of Modification 0434 (as amended by Modification 0610S *Project Nexus - Miscellaneous Requirements*) and replace them with the requirements set out within Option 4 (simplified version of Option 1 plus a data cleanse exercise) as identified within the 0624R Workgroup.

Why

Cadent believes that in their current form, the Retrospective Data Update elements of Modification 0434 give rise to a number of impacts and risks which have the potential to have an adverse impact on customers. These are as follows:

- Reduces the incentive on Shipper Users to ensure data quality is 'right first time' and subsequently maintained.
- Due to the expected development effort and delivery timelines, the changes necessary to implement the Retrospective Data Update solution within UK Link may adversely impact the implementation timelines of other expected major industry change; specifically, that associated with the Ofgem Faster Switching Program (OSP) and Central Switching Service (CSS).
- The full systematised Retrospective Data Update solution (Option 3 as identified by Request 0624R) provides for an 'over engineered', costly to implement and maintain measure for which the benefits are not proven and at best has a limited life span given the advent of Smart and Advance Metering technologies.

Cadent believes the Modification Request 0624R Cost Benefit Analysis (CBA) was incomplete as a consequence of ambiguous data provided by some industry parties and consequently did not provide the required evidence or sufficient justification for the high cost of a fully systematised Retrospective Data Update solution. Therefore, Cadent's opinion is that this should be replaced with a more appropriate and cost-effective approach to the benefit of customers.

How

UNC would be modified to:

- Remove from UNC all Retrospective Data Update elements of Modification 0434 (as amended by Modification 0610S).
- Introduce the Retrospective Data Update mechanism identified as Option 4 within Request 0624R.
- Require Shipper Users to provide relevant Meter Information as required by the Central Data Services Provider (CDSP) to enable a one-off industry 'data cleanse' exercise to be conducted.

2 Governance

Justification for Authority Direction

This Modification requires Authority Direction as the changes necessary are likely to have a material impact on customers.

Requested Next Steps

This Modification should:

- be considered a material change and not subject to self-governance
- be assessed by a Workgroup.

3 Why Change?

Introduction

Modification 0434 'Project Nexus – Retrospective Adjustment' was approved by Ofgem on 21 February 2014. The Modification provided the ability for Shipper Users to replace Meter Readings and to retrospectively correct data errors associated with Meter Information, Address and Supply Points. This latter function is identified within the UNC as Retrospective Data Updates and is commonly identified by the informal acronym, RAASP.

On 08 January 2016 the now defunct Project Nexus Steering Group (PNSG) determined that implementation of the Retrospective Data Update elements of Modification 0434 should be deferred and not implemented along with the 'core Project Nexus changes on the Project Nexus Implementation Date (PNID). It should be noted that the arrangements within Modification 0434 pertaining to the amendment of periodic Meter Readings and the subsequent automatic reconciliation were implemented at PNID. PNSG deemed that inclusion of Retrospective Data Update functionality was a risk to the timely implementation of Project Nexus as a whole and deferral would also allow for extended testing of the 'core' UK-Link system changes¹.

Modification 0573 *Project Nexus – deferral of implementation of elements of Retrospective Adjustment arrangements* was raised by National Grid Distribution (now known as Cadent) on 09 February 2016 and approved by Ofgem on 26 February 2016. The Modification deferred implementation of the Retrospective Data Update elements of Modification 0434 to 01 October 2017.

The Address and Supply Point elements of RAASP were subsequently removed as being superfluous by UNC Modification 0610S 'Project Nexus - Miscellaneous Requirements', which was approved by the UNC Modification Panel under self-governance procedures on 20 April 2017 and implemented on PNID.

¹[Project Nexus Steering Group Minutes - 08/01/2016](#)

Subsequent to this, Cadent raised GT Licence 'Consent to Modify' C057, to further defer the implementation date for the remaining Retrospective Data Update elements of Modification 0434 to "a Day no earlier than 01 November 2018".

On 10 July 2017 Cadent raised UNC Request 0624R – 'Review of arrangements for Retrospective Adjustment of Meter Information, Meter Point/Supply Point and Address Data' to afford the industry the opportunity to review the Retrospective Data Update components of UNC Modification 0434 (as amended by UNC Modification 0610S) with the aim of assessing, through a cost benefit analysis(CBA), the merits of progressing with the solution identified within UNC Modification 0434 or an alternative option if identified within the Workgroup. The primary driver for Cadent raising the Request was that a considerable period of time (4 years) had elapsed since development of Modification 0434 and therefore its currency and on-going relevance should be reviewed.

At its February 2018 meeting, the UNC Modification Panel approved closure of the 0624R Workgroup following publication of the Workgroup report².

UNC Request 0624R

As described above, Cadent raised Request 0624R as a worthwhile exercise, given the considerable passing of time and the changing commercial landscape since Modification 0434 was approved by the Authority. Of particular importance was the need to re-examine the business case for implementing the Retrospective Data Update elements of Modification 0434.

To support the development of Modification Request 0624R, the Central Data Services Provider (CDSP), Xoserve carried out an impact assessment on the Retrospective Data Update requirements and identified a series of alternative options³ all of which provided a solution to varying degrees of automation, complexity and requirement for manual intervention.

In order to inform a CBA for the varying options, including the current fully automated solution (Option 3), the Workgroup initiated a Request for Information (RFI) exercise. Xoserve supported this exercise by co-ordinating, receiving and collating responses and produced an anonymised summary of the RFI consultation responses.⁴

UNC Request 0624R

In total 16 organisations responded to the RFI consultation, comprising of 11 Shipper Users, 4 Transporters and 1 iGT. The views expressed within the representations received were polarised in nature between Shipper User and Transporter respondents.

Shipper Users unanimously favoured the fully automated systematised solution identified as Option 3. This option would deliver the full functionality to reflect the remaining unimplemented parts of Modification

² [Modification Request 0624R Workgroup Report](#)

³ [Solution options scenario comparison](#)

⁴ [Summary of consultation responses to UNC 0624R Request for Information exercise](#)

0434 (as amended by Modification 0610S) and would provide to Shipper Users, in their opinion, the most cost-effective solution due to minimal operational resource overhead requirements.

However, Transporters responded that Option 4 (which comprises of a data cleanse activity and a simplified version of the Option 1 solution) was, overall, a more effective remedy given that it could be implemented more rapidly and at less cost than Option 3 and could offer substantial near-term benefits.

During analysis of the RFI Xoserve identified that a number of respondents had interpreted the questions differently and wrote out to a number of parties in an effort to seek clarity. However, the final published tables in the view of the Workgroup remained ambiguous, containing incomplete data given that only a minority of Shipper Users responded to the RFI.

Generally, a CBA would compare the implementation/operational costs of each option along with the benefits case, which for the purposes of the 0624R CBA would be Shipper User costs along with overall Shipper User avoided costs for each option.

Xoserve advised the 0624R Workgroup that only one Shipper User provided financial data pertaining to their perceived benefits case for each option and this can be seen in Table 4 of the summary of consultation responses document, 'Expected Constant Materiality of Errors' which Xoserve identify as '*the cost incurred by their respective organisations to manage identified errors under each solution option*'.

The particular Shipper User identified cost savings to them of between £3m and £6m per year for each option. The veracity of this data must though be in some doubt given that Option 5 (a 'Business as Usual' (BAU) or for the purposes of RAASP option comparisons, effectively a 'no change to present' scenario) was also given a cost saving figure of £3m.

In view of the limited number of responses and the variations in how parties interpreted the RFI questions, the Workgroup were unable to provide a meaningful or complete CBA for inclusion within the 0624R Workgroup Report.

Given that the Workgroup were unable to provide a conclusion from the CBA, Cadent analysed the data provided and have postulated that the benefit to Shipper Users can be inferred from the Shipper User operational resource costs of each option within Table 2 of the summary of consultation responses document. In this way Option 3 can be viewed as having an enduring benefit of approximately £1m per year in reduced Shipper User operational resource costs in comparison to Option 4 (noting that Option 3 would be likely to cost at least £1.1m more than Option 4 to design, build and implement).

Therefore, Cadent's conclusion is that the benefits case for implementing the fully systematised Option 3 solution as contained within UNC Modification 0434 has not been made.

UNC Modification 0434 (option 3) solution – concerns

The content of Modification 0434 was predicated on the requirements identified within the 'Retrospective Updates' Business Requirements Definition (BRD)⁵. The Business Requirements Document (BRD) featured the following change drivers and business objectives:

- To improve the accuracy and quality of the data held on the Supply Point Register.

⁵ [Business Requirements Definition document](#)

- To provide accurate data to an Enquiring, Proposing Shipper or a new Shipper on transfer of ownership.
- To enable the processing and receipt of any financial adjustments as a result of a data update.
- Accurate energy allocation and transportation charging.
- To develop a robust regime to allow historical data to be accurately corrected on the Supply Point Register to ensure the data held by the GTs reflects the actual position of a Supply Meter Point at any point in time.

Noting the above, Cadent is concerned that in its present form, the fully systematised (Option 3) Retrospective Data Update solution is inconsistent with the above and has several drawbacks:

- It removes the incentive on Shipper Users to ensure that ALL data submitted to the CDSP is accurate and 'right first time'. Cadent acknowledges that occasionally mistakes and oversights may occur but these should be regarded as the exception not the rule and all efforts should be taken by industry parties to prevent their occurrence at source. In particular it is imperative in the run up to implementation of the CSS under Ofgem's 'Faster Switching programme that industry data is of the highest quality. Providing Shipper Users with a mechanism to retrospectively amend poor data could suggest that data quality/accuracy is of secondary importance as it can simply be 'fixed' at a later date.

Of interest it will be noted Shippers/Suppliers have previously remarked on the importance of ensuring data is 'right first time'.

- In its representation to Modification 0434 a Shipper User respondent noted:
 - *.... concerns that a modification such as this, which introduces a retrospective element, may not promote or encourage the correct behaviours in terms of provision of timely and accurate data in the first instance".*
- In their comments on Supply Point Administration Agreement (SPAA) CP 421 a Supplier noted:
 - *"We are minded to reject the proposal to allow suppliers to make wholesale changes to the data they have already submitted as part of the GTDIS programme. Such a step would set a damaging precedent, suggesting to parties that striving for data accuracy is not important as it can just be changed later on. Accurate data provision is utterly critical for the healthy function of the incentive scheme. Mixed messages about the importance of providing the right data at the right time will not help parties to participate meaningfully in the scheme".*
- The solution provides for a simple way of retrospectively rectifying data errors. However, remedies are already available such that anomalies can be resolved without recourse to retrospection and for which obligations already exist within UNC. Retrospective actions impact adversely on other Shipper Users (through resultant settlement volatility) who may well have invested in ensuring their data is correct first time. In its representation to Modification 0434 one Shipper User noted:
 - *"Shippers who operate to ensure that the highest standards of data accuracy are maintained both within their individual portfolio updates and billing processes may continue to be adversely impacted by parties who do not perform the same level of scrutiny and audit to their data".*
- The time and effort required to build, test and implement (through a DSC Change Committee sanctioned CSDP release) a fully systematised and over engineered solution could seriously compromise delivery of other industry change programmes of arguably greater priority.

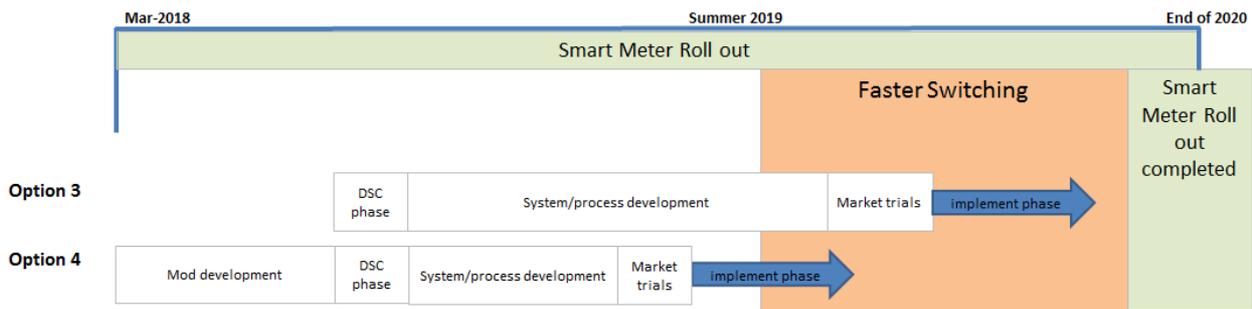
- It is likely that a 'fully automated' Retrospective Data Update solution could become largely redundant either before it is implemented or shortly afterwards. Within the work undertaken by the 0624R Workgroup it was noted that the overall view expressed by Shipper Users was that the volumes of corrective updates required would potentially *'increase as a result of discrepancies encountered during the ramp up of Smart Meter roll out through to 2020'*. It is reasonable to infer from this that as it is the accelerated rate of Smart and Advanced Meter installations which Shipper Users identify as being a key reason for data error creation then completion of the Smart Meter roll out program should lead to a significant reduction in the quantity of 'new' data errors being created thereafter.
- Shipper Users presently have obligations to procure Meter Readings on a monthly basis for Smart and Advance Meters. Should an RGMA systems read rejection be received it will be noted that Shipper Users have an obligation to rectify the data immediately and by definition not seek to utilise retrospective measures. Modification 0477 'Supply Point Registration - Facilitation of Faster Switching' implemented in 7 Nov 2014, requires relevant data to be provided by the CDSP to Shipper Users earlier in the Shipper User transfer process to enable validation to occur to ensure data is correct when submitted. In this respect Cadent would challenge Shipper Users assertions that there would be a ramp up of cases for retrospective update due to Smart Metering roll out.
- Every Retrospective Data Update which is undertaken would be likely to result in an Individual Meter Point Reconciliation and therefore create potential for unpredictable and ongoing volatility relating to Energy settlement impacting on all Shipper Users and ultimately to customers. Providing a fully automated Retrospective Data Update solution would be likely to substantially increase uncertainty indefinitely.
- As indicated within table 4 of the consultation summary document, the expected rate of data error both in year 1 and on an enduring basis is expected to be relatively low, ranging from an average of 1.3% to 1.9% of total Supply Meter Points. It is therefore questionable whether a fully automated and systematised solution can be justified for a relatively low percentage of such errors.

Indicative implementation timeline

The 'glide' path below outlines potential comparative timelines for implementation of an Option 3 and Option 4 solution. The timings are indicative only as DSC Change Committee discussion/prioritisation requirements and Xoserve release schedules along with Shipper User market trial requirements are presently uncertain.

The illustration below suggests that it is possible that Option 3 implementation may not occur sufficiently in advance of completion of the currently scheduled Smart Meter roll out timetable and also that there is a much greater risk of conflict with all aspects of the Faster Switching/CSS programme than Option 4.

Indicative implementation timeline



Preferred solution

Cadent believes Option 4 as identified by Request 0624R represents an optimal solution and is likely to deliver the following customer benefits:

- Meets all of the drivers and business goals as documented within the Retrospective Updates BRD.
- Identifies a sensible compromise which delivers an early solution with a focus on 'up front cleaning' of key industry data while providing a mechanism by which incorrect data can be readily rectified by exception.
- The 'added value' data cleanse exercise would be likely to rectify a large majority of existing data errors (85%+) as a one off managed activity. Early benefits to the industry of the data cleanse activity are:
 - Feed into CSS for better data quality
 - Provides for a mechanism to spot 'polluters' at an early stage to prevent ongoing occurrences.
- The Performance Assurance Committee (PAC) may also have an interest in this.
- Can be implemented in a reasonable timescale and at reduced cost which will mitigate the risk to other industry change of a greater priority.
- Will not degrade the incentive on Shipper Users to ensure that data is provided 'right first time'.
- Incentivises parties to ensure processes/resources are in place to proactively monitor and remedy data anomalies.
- Reduces the likelihood of energy settlement volatility through excessive retrospective reconciliation volumes.

4 Code Specific Matters

Reference Documents

[Modification 0434](#)

[Modification 0573](#)

[Modification 0610S](#)

[Consent to Modify C057](#)

[Modification Request 0624R](#)

[Summary of consultation responses received to UNC 0624R](#)

Knowledge/Skills

An understanding of the relevant Project Nexus 'retrospective' Modification and Business Requirements Definition documents would be advantageous.

5 Solution

Remove all existing terms concerned with Retrospective Data Updates.

Replace with terms which incorporate the following principles of Option 4 detailed below:

- Retrospective Data Update to be submitted by System Registered User.
- Data can be updated pre or post the System Registered Users date of Registration.
- The Effective date within the Retrospective Data Update file will be populated with the date the physical activity took place.
- Subject to validation the Retrospective Data Update will be accepted and recorded on the UK Link System as at the date the record was processed.
- The Effective date of physical site activity will be recorded on the system and visible via portfolio reports, Data Enquiry System and file formats.
- Meter Reading information and Consumption Adjustment volume to be recorded within the Retrospective Data Update file where required.
- Meter Readings will be validated against the last Valid Meter Reading held within the UK Link System. Where a Meter Reading has been provided and accepted within the Retrospective Data Update file this Meter Reading will be used for future validation and reconciliation purposes.
- Following the acceptance of the Consumption Adjustment future AQ calculations will use this corrected position for processing.

Provide for a 'data cleaning' exercise:

- Shipper Users to take an extract of their asset portfolio data on [X date].
- Shipper Users to submit Meter Information portfolio to the CDSP within [X days] of the extract date.
- CDSP to conduct data validation exercise within [X Days] of receipt of Meter Information portfolio.
- CDSP to identify data misalignment and discuss with individual Shipper User.
- CDSP to update Supply Point Register once agreed with Registered User.
- Shipper Users to raise Consumption Adjustment requests where necessary.

The above principles will need to be ratified and further defined with the collaboration of the Workgroup.

6 Impacts & Other Considerations

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

If this Modification is not implemented and the Retrospective Data Update solution as identified within Modification 0434 (as amended by Modification 0610S) is required to proceed to implementation then there is a risk that design, build and testing of the required UK-Link systems functionality will impact on a number of major industry change projects associated with CDSP systems and processes.

Consumer Impacts

This Modification, if implemented, would provide a more effective remedy to issues associated with energy settlement data quality which would ultimately benefit customers at reduced cost.

Cross Code Impacts

A comparable iGT UNC change may also be required.

EU Code Impacts

None identified.

Central Systems Impacts

If this Modification is directed for implementation it would reduce the scale of change to central systems at a time of significant industry change.

7 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	None

satisfied as respects the availability of gas to their domestic customers.	
f) Promotion of efficiency in the implementation and administration of the Code.	None
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

The measures identified within this Modification Proposal can be expected to facilitate GT Licence relevant objective d). This is because a new and proportionate Retrospective Data Update solution combined with a data cleaning exercise would replace the existing, albeit unimplemented, solution identified in excess of 4 years ago which can be considered no longer appropriate in the present commercial environment. The new solution represents a more efficient and economic way forward which, while providing a means whereby data can be retrospectively corrected would incentivise Shipper Users to proactively monitor and maintain accuracy of data relevant to energy settlement to the benefit of customers.

8 Implementation

No formal timescales are proposed but we would recommend that following an Authority decision that appropriate consideration to implementation priority is given by the DSC Change Management Committee.

9 Legal Text

Text Commentary

Insert text here

Text

Insert text here

10 Recommendations

Proposer's Recommendation to Panel

Panel is asked to:

- Agree that Authority Direction should apply
- Refer this proposal to a Workgroup for assessment.