

UNC Workgroup 0672 Minutes Incentivise Product Class 4 Read Performance

Wednesday 31 October 2018

at Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Helen Bennett (Secretary)	(HB)	Joint Office
Alexander Mann	(AM)	Gazprom
Andy Clasper	(AC)	Cadent
Beth Wilson*	(BW)	Ecotricity
Carl Whitehouse	(CWh)	First Utility
Edward Fyfe*	(EF)	SGN
Ellie Rogers*	(ER)	Xoserve
Fiona Cottam	(FC)	Xoserve
Imran Shah*	(IS)	British Gas
John Welch	(JW)	npower
Jonathon Heard	(JH)	Xoserve
Kirsty Dudley*	(KD)	E.ON
Linda Whitcroft	(LW)	Xoserve
Lindsay Biginton*	(LB)	Utilita
Lorna Lewin*	(LL)	Orsted
Louise Hellyer	(LH)	Total Gas & Power
Luke Reeves*	(LR)	EDF Energy
Mark Bellman	(MB)	ScottishPower
Mark Jones	(MJ)	SSE
Mark Perry	(MP)	Xoserve
Mark Rixon*	(MRi)	Engie
Megan Coventry*	(MC)	SSE
Michael Robertson	(MRo)	ScottishPower
RHYS Kealley	(RK)	British Gas
Richard Pomroy*	(RP)	Wales and West Utilities
Robert Cameron-Higgs	(RCH)	Flow Energy UK
Shaheeni Vekaria	(SV)	Utility Warehouse
Simon Harris*	(SH)	Xoserve
Steven Britton*	(SB)	Cornwall
Tracey Saunders	(TS)	Northern Gas Networks

* via teleconference

Copies of all papers are available at: www.gasgovernance.co.uk/0672/311018

The Workgroup Report is due to be presented at the UNC Modification Panel by 21 March 2019.

1.0 Outline of Modification

Michael Robertson (MR) introduced the Modification and explained that it seeks to reduce Unidentified Gas (UIG) volume by incentivising meter reading submission performance for Product Class 4 sites. This Modification proposes to measure performance against an agreed

performance target for Energy reconciled after a defined period and apply incentive charges against those Shippers whose Energy reconciliation performance is below the target threshold.

When talking through the solution slide, Mark Bellman (MB) mentioned that a discussion has been undertaken with Andy Miller at Xoserve, in terms of how the invoicing charging mechanism would work, because Xoserve cannot profit from this and therefore cannot hold on to the cash for periods of time. Fiona Cottam (FC) explained how cost recovery worked with the now redundant Filter Failure process and how invoicing was done every month, then each quarter what was collected was shared out with qualifying parties.

The incentive mechanism is to charge Shippers failing to meet their meter reading submission obligations which then impacts settlement and UIG.

When asked, MB clarified that the costs and incentives will be put in to the Modification prior to concluding the Workgroup Report. The Modification will also contain a proposal that there is an annual PAC review of the incentive regime.

When reviewing the Modification, MB highlighted that the Timetable has been amended and explained that previously this had quite an aggressive timeline and that the UNC Panel determined that the Workgroup should report to the March 2019 UNC Panel.

MB then opened up discussion on what to do with the funds and put forward a number of suggestions where this credit can be utilised, including, donations to the energy saving trust; to fund industry specific issues such as UIG; Xoserve could use the funds to establish a Shipper training programme. In addition, PAC need to discuss and recommend a way forward.

The Workgroup suggested that the onus is on the Proposer to expand on the options and present back to the PAC/Workgroup. MB advised he will circulate something for discussion at each meeting.

It was suggested that an illustration of the incentive charges would be beneficial. MR confirmed he is looking to provide some different scenarios and impacts and that this could be illustrated in an industry ancillary document. Kirsty Dudley (KD) asked for Standard Reporting and Audit to be considered.

MB confirmed there is further work to be done on the incentive regime; there is a need to test out some scenarios and consider how the incentive charge would be applied.

When Tracey Saunders (TS) asked how this affects Modification 0570 - Obligation on Shippers to provide at least one valid meter reading per meter point into settlement once per annum, it was confirmed that potentially there is a conflict. However, Modification 0570 is a minimum requirement based on a licence condition and the meter technology at the site, so should not prevent the further submission of meter reads.

TS commented that, Users are licence parties and that they should be adhering to their obligations, failure to do so should be dealt with as a failure of UNC obligations. MB agreed in part but currently there were no documented sanctions which could be used to enforce behaviours.

It was asked if there is a possibility of this being a cross Code Workgroup because there might be an IGT UNC impact. It was suggested that contact is made with Steve Ladle to see if an IGT Modification is required, then hold a discussion on where it is developed.

Post meeting update: Email communication has been initiated between ScottishPower and Steve Ladle.

Bob Fletcher (BF) confirmed he will arrange for the request for a ROM with Xoserve once the solution is established.

2.0 Initial Discussion

2.1. Issues and Questions from Panel

Not discussed.

2.2. Initial Representations

None received.

2.3. Terms of Reference

As matters have been referred from Panel a specific Terms of Reference will be published alongside the Modification at www.gasgovernance.co.uk/0672

3.0 Next Steps

The next meeting will be held on 19 November 2018.

4.0 Any Other Business

None raised.

5.0 Diary Planning

Further details of planned meetings are available at: <https://www.gasgovernance.co.uk/events-calendar/month>

Workgroup meetings will take place as follows:

Time / Date	Venue	Workgroup Programme
10.30 Monday 19 November 2018	Radcliffe House, Blenheim Court Warwick Road Solihull B91 2AA	Detail planned agenda items.
10:30 Friday 07 December 2018	Radcliffe House, Blenheim Court Warwick Road Solihull B91 2AA	Detail planned agenda items.

Action Table (as at 31 October 2018)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0801	31/10/18		<p>31 October 2018: Transferred Action from UIG Workgroup: 0801: Reference targeting volatile UIG sites - Xoserve (FC) to consider providing some initial AQ movement versus the age of the read data related information.</p> <p>Latest Update: FC advised that this roughly works out to £5k per day; FC will provide the working out so that MB can utilise it within Modification 0672. Carried Forward (this action has been transferred from the UIG Workgroup)</p>	Xoserve (FC)	Carried Forward