Joint Office of Gas Transporters

UNC Modification	At what stage is this document in the process?
# UNC 0664: ## Transfer of Sites with Low Valid Meter Reading Submission Performance from Classes 2 and 3 into Class 4	01 Modification 02 Workgroup Report 03 Draft Modification Report 04 Final Modification Report

Purpose of Modification:

To create an obligation for Shippers to move Supply Points with low Valid Meter Reading submission performance from Classes 2 and 3 into Class 4, following a consecutive period of poor performance. The CDSP will automatically move any Supply Points not moved by the Shipper in such a scenario (after an allowed period of time).

The Proposer recommends that this modification should be:

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

This modification will be presented by the Proposer to the Panel on 19 December 2019. The Panel will consider the Proposer's recommendation and determine the appropriate route.

High Impact:

Shippers

Medium Impact:

CDSP

Low Impact:

Transporters

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Contents

Timetable

The Proposer recommends the following timetable:

Initial consideration by Workgroup	28 August 2018
Workgroup Report presented to Panel	19 December 2019
Draft Modification Report issued for consultation	19 December 2019
Consultation Close-out for representations	23 January 2020
Final Modification Report available for Panel	30January 2020
Modification Panel decision	20 February 2020

Any questions?

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1 Summary

What

This Modification was initially developed at PAC and is being monitored by PAC.

Post Nexus delivery Unidentified Gas (UIG) is shared out using weighting factors determined by the Allocation of Unidentified Gas Expert (AUGE), and currently less UIG is apportioned to Class 2 and Class 3 Supply Points than to Class 4 Supply Points. However, poor performance in the obtaining of Valid Readings from Supply Meters at Supply Points in these settlement classes does not improve the situation regarding temporary UIG but hinders it further. The PAC has been monitoring the situation over recent months, and it has become clear that poor performance can continue with no incentive (beyond Uniform Network Code (UNC) breach) to rectify the situation in the short term. For this reason, the PAC is seeking to create additional incentives in this area to ensure Shippers reach and maintain a minimum level of Valid Meter Readings that are submitted to the CDSP for both Classes 2 and 3 as established in the UNC.

Why

At present, while Valid Meter Reading submission performance targets are clearly laid out in the UNC TPD Section M, there is no further incentive to ensure Valid Meter Reading performance reaches a suitable level and is maintained. As it stands, without additional incentives, Shippers are able to move large numbers of sites (with potentially high associated energy consumption) into Classes 2 and 3 and, therefore, reduce their UIG exposure. Whilst reading submission in these classes has improved recently, there remain a number of shippers with significant sized portfolios in these classes who are submitting very low numbers of Valid Meter Readings to the CDSP and appear not to be operating effective business processes that meet the requirements of these classes.

How

The solution will create an obligation for Shippers to transfer those Supply Points in Classes 2 and 3 where the percentage of Valid Meter Readings obtained from the Supply Meters is below the minimum required standard into Class 4. Valid Reading submission performance will be measured at Supply Point level, with those Supply Points falling below a specified benchmark for a consecutive period being automatically transferred to Class 4. After an allowed period of time, where a Shipper does not move Supply Points that have fallen below the threshold in accordance with the obligation, the CDSP will automatically move those Supply Points into Class 4.

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2 Governance

Justification for Authority Direction

This Modification should follow Authority Direction procedures, as it could have a material impact on competition. The Modification proposes the introduction of obligations related to Valid Meter Reading submission performance for Class 2 and 3Supply Points to ensure Shippers that that use the relevant settlement classes are able to fulfil the associated Valid Meter Reading submission obligations. As a result, there could be a material impact on competition and contractual obligations for Shippers and Suppliers.

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?

As it stands currently, performance targets for Valid Meter Reading submissions are clearly laid out in the UNC for all settlement classes. The current Valid Meter Reading submission targets for Class 2 and 3 Supply Points, as stated in UNC TPD Section M, stands at 97.5% of a Shipper's portfolio for Class 2, and 90% of a Shipper's portfolio per month for Class 3. However, Shippers can benefit from lower UIG weighting factors by moving sites into Classes 2 and 3, but with no incentive or link to minimum levels of Valid Meter Reading submission performance. Without this link, the additional readings available in these classes will not help the temporary UIG situation, but would further hinder it, potentially creating more unreconciled gas in these categories.

Since November 2017, the PAC has been monitoring levels of Valid Meter Reading submissions for Classes 2 and 3 as the post Nexus settlement classes have been taken up by Shippers and there are now some 2.1 million Supply Points currently in Class 3. However, the post Nexus regime is now over two years old, and read submission performance remains poor, despite the CDSP offering and giving support to Shippers to improve meter reading submission levels. Given that this educative approach has not been successful to date, the PAC feels that further incentives are needed in this area to improve read submission levels for the new settlement classes.

The most recently reported (anonymous) read submission levels are below (as at July 2019). These reports will be updated once available.

Read Performance as of Jul-19

Shipper Name	PC1	PC2	PC3	PC4
Ankara	20.00%	-	-	-
Apia	-	-	-	60.00%
Baghdad	-	-	-	16.67%
Bamako	0.00%	-	-	-
Banjul	-	-	-	87.04%
Berlin	-	-	46.03%	33.33%
Bern	-	-	-	0.00%
Bishkek	-	-	56.22%	0.00%
Bissau	-	-	-	0.00%
Bratislava	-	-	-	2.63%

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Brazzaville	40.00%	88.17%	86.71%	60.86%
Bucharest	-	-	84.82%	16.19%
Castries	-	-	-	0.00%
Dili	-	-	91.45%	39.83%
Djibouti	-	-	0.00%	63.44%
Dublin	-	-	-	25.00%
Gaborone	-	-	-	50.00%
Gitega	81.37%	91.94%	83.39%	16.35%
Hamilton	-	-	-	50.31%
Islamabad	-	-	-	25.20%
Jakarta	0.00%	-	-	-
Kampala	-	-	79.03%	50.00%
Kinshasa	-	-	-	55.26%
Lisbon	-	-	11.74%	31.23%
Luanda	-	29.95%	89.76%	77.47%
Luxembourg	-	-	-	50.00%
Majuro	-	-	-	67.50%
Malabo	-	-	80.65%	0.00%
Manama	-	-	11.54%	66.78%
Maputo	-	-	-	0.00%
Marigot	-	-	0.00%	100.00%
Mogadishu	-	-	-	64.29%
Monaco	50.00%	-	67.20%	0.00%
Monrovia	-	-	-	54.89%
Nairobi	-	-	-	0.00%
Nassau	11.11%	-	-	0.00%
Nuuk	-	-	-	30.56%
Oranjestad	-	-	-	24.16%
Papeete	68.75%	41.38%	86.13%	76.19%
Paramaribo	-	-	-	0.00%
Philipsburg	80.56%	69.88%	3.23%	36.78%
Prague	-	-	-	33.33%
Praia	100.00 %	50.00%	83.27%	40.85%
Pyongyang	-	-	-	0.00%
Quito	-	-	-	30.77%
Ramallah	76.00%	0.00%	-	59.70%
Reykjavík	82.14%	53.23%	87.10%	94.65%
Riyadh	0.00%	-	-	0.00%
Rome	78.46%	71.77%	96.79%	88.02%
Roseau	-	0.00%	59.41%	60.29%
Saipan	85.90%	43.34%	22.18%	75.69%
Sarajevo	-	-	-	55.81%
Seoul	-	-	56.07%	95.77%
Sukhumi	-	-	99.19%	22.68%
Suva	-	-	-	0.00%
Taipei	-	-	94.56%	44.44%
Tallinn	-	-	13.11%	59.83%
Tarawa	-	-	-	26.88%
Tehran	15.38%	88.71%	-	-
Thimphu	88.89%	52.26%	-	84.89%
Tiraspol	-	96.77%	-	-
Tripoli	-	-	-	0.00%
Tunis	-	-	-	16.67%
Valletta	50.00%	-	-	59.74%
Vilnius	-	-	-	81.67%
Warsaw	83.33%	0.00%	0.00%	0.00%
Washington	26.67%	64.52%	2.76%	74.51%
Industry Total	**59.41%**	**45.73%**	**47.45%**	**60.87%**

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The CDSP will be entitled to charge Shippers on a Supply Point basis for all Supply Points that it reclassifies from Classes 2 and 3 to Class 4 on behalf of Shippers in each calendar month. The CDSP will set out the charging rates and invoicing arrangements within the DSC Contract.

4 Code Specific Matters

Reference Documents

UNC TPD Section M - https://www.gasgovernance.co.uk/TPD

5 Solution

The solution will deal with the transfer of poor performing Supply Points (from Classes 2 or 3 to class 4),

New Defined Terms:

The following new defined terms will be required to be added to the UNC

Minimum Percentage Requirement

The minimum percentage of **Valid Readings** required over each Performance Period for each Supply Point in order for the Supply Point to remain in Class 2 or Class 3. For the avoidance of doubt, a Meter Reading will be determined as being a Valid Reading including Meter Readings for Smaller Supply Points that are not specifically subject to Validation, but are determined to be valid (M5.8.3 refers – as introduced by UNC Modification 0700) for determination of meeting performance.

This will be set at 25% initially for both Classes 2 and 3 (i.e. each Supply Meter Point in Class 2 or 3 must obtain Valid Meter Readings for 25% of the days within the Performance Period). The Minimum Percentage Requirement will be reviewed on an annual basis by the PAC.

Where there is more than one Minimum Percentage Requirement in place across a Performance Period then the lower of the Minimum Percentage Requirements must be met for all of the Performance Period.

Minimum Performance Measure

The percentage of Supply Points that must meet the Minimum Percentage Requirement over each Performance Period in order for all Supply Points to remain in Class 2 or Class 3. This will be set at 90% initially for both Classes 2 and 3. The Minimum Percentage Requirement will be reviewed on an annual basis by the PAC.

Where there is more than one Minimum Performance Measure in place across a Performance Period then the lower of the Minimum Percentage Requirements must be met for all of the Performance Period.

Performance Measure

The percentage of daily Valid Meter Readings received, as measured by the CDSP, for each Supply Point in Classes 2 and 3 over each Performance Period.

Performance Period

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The time period over which each Performance Measure will be derived. This will initially be set as a consecutive 3 calendar month period, but will be reviewed on an annual basis by the PAC. Where there is a change to the Performance Period then all Performance Measures commencing from that date on will be on the revised Performance Period. Any Performance Periods in place at the date of the Performance Period change will be unaffected by the Performance Period change.

Performance Month

The Supply Meter must be classified as either Class 2 or 3 for the entire calendar month to be considered for a Performance Month within the Performance Period. Where a Supply Meter has been reclassified outside of Class 2 or 3 for any part of the month, or been subject to a Change of Shipper after the first calendar day of the month, it will not be considered either to contribute to performance within the month, nor be considered as part of the Shipper Portfolio for determining the 'Performance Contributing Portfolio'.

Performance Contributing Portfolio

This is the Shippers total Class 2 and Class 3 Supply Meter Point portfolios, less any Supply Meters that are not included within the Performance Month – e.g. as a result of reclassification or Shipper transfer on any day other than the first of the month.

Lock-out Period

The time period over which Shippers will not be able to re-register Supply Points into Classes 2 or Class 3 that have been removed from either of these Classes due to them failing the Minimum Percentage Requirement. The Lock-out Period will begin on the day of re-registration into Class 4. The lock-out period will cease to apply if there is a change of Shipper at the Supply Point or if the Supply Point qualifies to be registered as a Class 1 Supply Point. The lock-out period will be initially set at 3 months and will be reviewed on an annual basis by the PAC. Where there is a change to a Lock-Out Period all Supply Points that are in a Lock-Out period will be subject to the shorter of the Lock-Out periods.

Notification of revised Minimum Percentage Requirement, Minimum Performance Measure, Performance Period and Lock-Out Period

For each Gas Year, the Performance Assurance Committee will maintain or revise the Minimum Percentage Requirement, the Minimum Performance Measure, the Performance Period and Lock-Out Period.

The Performance Assurance Committee will consult with the Uniform Network Code Committee on any revisions and provide the reasons for the revisions.

Not later than 31st August in the Preceding Year (and in sufficient time to meet CDSP system time constraints), the Performance Assurance Administrator (PAFA) will confirm to the CDSP any revisions, who will apply them from 1st October for the upcoming Gas Year. The PAFA will also confirm any revisions to Users.

Where the Performance Assurance Committee is unable to or does not determine any revisions for the upcoming Gas Year, the CDSP shall rollover all values applying in the preceding Gas Year

The business rules are below.

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Business Rules

1. It is proposed that the current read provision obligations in section M, 5.7 and 5.8 are extended to add minimum individual Supply Meter Reading performance targets (Minimum Percentage Requirement). In addition to the existing portfolio level, Valid Read submission targets, each Supply Point registered in settlement Classes 2 and 3 will have Valid Supply Meter Readings measured daily where they meet the criteria to be considered for the Performance Month.

2. While the existing portfolio level Valid Reading submission targets will remain (97.5% per day for Class 2, 90% per day for Class 3), in addition, each Supply Point will need to meet a minimum level of performance over the Performance Period. If any Supply Meter in either Class 2 or 3 provides less than [25%] of daily reads (the 'Minimum Percentage Requirement') across the consecutive period, the Supply Point will be required to be reclassified to Class 4 f following that period provided that the Shipper has not met a satisfactory performance across its Class 2 and 3 Performance Contributing Portfolio (as described in Business Rule 10..

3. The table below demonstrates the mechanism for measuring Supply Point level read performance, where the number of accepted Valid Meter Readings provided for a Supply Point in any given Performance Month is recorded and measured to generate an individual monthly read submission performance. The Performance Measure calculated for each Supply Point will be average of the Performance Months contained within each Performance Period.

	MPRN 1	MPRN 2	MPRN 3	MPRN 4	MPRN 5	MPRN 6	MPRN 7	MPRN 8	MPRN 9	MPRN 10
Day 1	1							1		
Day 2	1	1						1		
Day 3	1	1			1			1		
Day 4	1	1						1		
Day 5	1	1			1	1		1		
Day 6	1	1				1				
Day 7	1	1		1	1	1				
Day 8	1	1				1				
Day 9	1	1			1	1				
Day 10	1	1				1				
Day 11	1	1			1	1				
Day 12	1	1				1				
Day 13	1	1			1	1				
Day 14	1					1				
Day 15	1				1	1				
Day 16	1					1			1	
Day 17	1				1	1			1	
Day 18	1					1			1	
Day 19	1				1	1			1	
Day 20	1					1				
Day 21	1					1				
Day 22	1					1				
Day 23						1				
Day 24	1				1	1				
Day 25	1				1	1				
Day 26	1				1					
Day 27	1				1					
Day 28	1				1					
Day 29	1									
Day 30	1									
Day 31										
Total	29	12	0	1	14	21	0	5	4	0
Percentage	93.55%	38.71%	0.00%	3.23%	45.16%	67.74%	0.00%	16.13%	12.90%	0.00%

4. Read submission would be measured by the receipt of a Valid Reading, accepted into CDSP systems, including those not explicitly subject to Validation (re: M5.8.3) but deemed valid for performance purposes. The relevant percentage would be calculated for each Performance Period, calculated as the straight average of each Performance Month without any weighting for the number of days in each month and so, for example, where a Performance Period included the months of January, February and March, February's performance

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would have equal weighting as those of January and March in determining the performance over the Performance Period, which will be set initially as a 3 month period, and set on an annual basis by the PAC.

. 5. Following a change of Shipper, Supply Point Valid Reading performance will be reset for the new Shipper. Performance measurement will begin from the 1st day of the next Performance Period after the change of Shipper for the Supply Point and so allowing complete months to be measured.

6. Any Supply Meters that move into Class 2 or 3 from Class 1 or 4 after the first day of the month will be considered against the Performance Period from the start of the subsequent month – i.e. the start of the next Performance Month.

7. Any Supply Meters that move from Class 3 to Class 2 or vice-versa during the Performance Period will have to meet the Valid Meter Reading submission level of the lower target for the whole of the Performance Period.

8. Reporting will be produced and sent to Shippers by the 20th day of each month and will highlight to Shippers all Supply Points where the individual Performance Measure has fallen below the Minimum Performance Standard. Notification and backing data containing the individual Supply Points will be sent to the relevant Shipper(s). Summary reporting will also be delivered to the PAC in a timely manner.

9. Affected Shippers will be obliged to change the class of the relevant Supply Points to Class 4 at the earliest opportunity, but in any event the transfers must be completed within 30 calendar days from receipt of the report. The only exceptions to this are any Supply Points where the Class 1 Requirement applies during the Performance Period – including, for the avoidance of doubt, those where the Supply Meter Point is comprised in a Supply Point in respect of which the circumstances set out in the Class 1 Ratchet Charge Guidance Document apply.

*10.*To allow for faulty meters and problematic sites any Shipper that achieves the Minimum Performance Measure for*:*

a) at least [90%] of their Class 2 Supply Meter portfolio shall not be required to reclassify any existing Class 2 Supply Meters to Class 4

b) at least [90%] of their Class 3 Supply Meter portfolio shall not be required to reclassify any existing Class 3 Supply Meters to Class 4”

11. The Performance Measure will be solely based on the Performance Period. Any improvement in performance after a Performance Period, but prior to the registration into Class 4, will not be considered and cannot be used as a reason for non-registration into Class 4. Once a Supply Point is determined to have failed the Performance Target for a Performance Period the Supply Point will be required to be reclassified – regardless whether performance subsequent to the Performance Period, but prior to reclassification, improves such that the Supply Point would not have failed the Performance Target in the subsequent Performance Period.

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12. If the identified poor performing Supply Points have not been registered and become effective into Class 4 within 20 days of receipt of the reports by Shippers, the CDSP will reclassify these Supply Points to class 4. as soon as is practical. For the avoidance of doubt, any poor performing sites that fail the target will remain in the Performance Contributing Portfolio and will continue to contribute to any subsequent Performance Period measures until they are registered into Class 4.

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13. Any Supply Points in Classes 2 and 3 transferred to Class 4 due to the failure to meet the minimum Performance Measure at the Supply Meter may not be transferred to Classes 2 and 3 for a minimum Lock-out period, which will initially be set at (3) months, from their transfer into Class 4. This Lock-Out Period will be determined on an annual basis by the PAC. This condition will not apply after a change of Shipper where the new Shipper will be able to change any Class 4 Supply Point into Class 2 or Class 3 in line with normal UNC timescales. This Lock-Out period will not apply to a Supply Point that requires to be re-registered from Class 4 to Class 1.

14. New reports will need to be added to the Performance Assurance Register in order to provde Shipper performance in adhering to the criteria specified in this Modification. These are included in Appendix A.

6 Impacts & Other Considerations

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

None identified.

Consumer Impacts

It should be noted that settlement classes do not necessarily correlate to customer products (in that settlement read submission does not necessarily impact the type of product offered to the customer by a supplier). If this were to be the case, non-submission of meter reads could potentially be detrimental to the customer – this Modification seeks to ensure that Shippers are able to appropriately manage the expected performance levels before moving Supply Points into these settlement classes.

However, this will need further consideration by the workgroup as there may be links to customer contracts that the Modification may need to consider.

Cross Code Impacts

There may be an IGT UNC impact and this should be considered in the Workgroup.

EU Code Impacts

None identified.

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Central Systems Impacts

There should be limited central systems impacts in relation to required class changes as the CDSP already has the facility to move sites in bulk across settlement classes (if needed). Some change may be needed in relation to the proposed charging mechanism and the establishment of reporting for the CDSP, PAC and PAFA.

7 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 satisfied as respects the availability of gas to their domestic customers.	None
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

This Modification proposes additional incentives to ensure timely submission of Valid Meter Readings for the relevant classes to be used for settlement purposes and to increase the accuracy of UIG. As such, more accurate and frequent read submission data in central systems should lead to more accurate cost allocation and so, therefore, furthering competition and relevant objective d.

8 Implementation

No implementation timescales are proposed at present.

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9 Legal Text

To be provided by Transporters.

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.

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