

UNC 0570 Workgroup Minutes
Obligation on Shippers to provide at least one valid meter reading
per meter point into settlement once per annum
Thursday 23 March 2017
at Consort House, 6 Homer Road, Solihull B91 3QQ

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Mike Berrisford (Secretary)	(MB)	Joint Office
Andy Clasper	(ACI)	National Grid Gas Distribution
Andrew Margan*	(AM)	British Gas
Angela Love*	(AL)	ScottishPower
Chris Warner	(CW)	National Grid Gas Distribution
Colette Baldwin	(CB)	E.ON Energy
David Addison	(DA)	Xoserve
Eleanor Laurence*	(EL)	EDF Energy
Fraser Mathieson	(FM)	Scotia Gas Networks
Gavin Anderson*	(GA)	EDF Energy
Jon Dixon*	(JD)	Ofgem
John Welch	(JW)	npower
Kathryn Turner*	(KT)	Good Energy
Kish Nundloll	(KN)	ESP
Lorna Lewin	(LL)	DONG Energy
Mark Jones	(MJ)	SSE
Phil Lucas*	(PL)	National Grid NTS
Rachel Hinsley	(RH)	Xoserve
Richard Pomroy*	(RP)	Wales & West Utilities
Sean Hayward	(SH)	Ofgem
Shanna Key*	(SK)	Northern Gas Networks
Steve Mulinganie	(SM)	Gazprom
Steven Britton*	(SB)	Cornwall

* via teleconference

Copies of all UNC meeting papers are available at: <http://www.gasgovernance.co.uk/0570/230317>

The UNC Workgroup Report is due to be presented at the UNC Modification Panel by 15 June 2017.

1.0 Introduction and Status Review

1.1. Approval of Minutes (23 February 2017)

The minutes of the previous meeting were approved.

2.0 Consideration of Amended Modification

During an onscreen review of the most recent amendments to the modification proposal by AL, discussions focused on Section 3 – Solution whereupon AL confirmed that the previous references to the reporting aspects have been removed as these are now covered under PAC considerations, and as a consequence all previous references to 0520A have been removed from the modification as it should be for PAC to define their reporting requirements. At this

point, RH provided a brief explanation behind how Modification 0520A reporting timelines work.¹

FM voiced his concern relating to the potential PAFA appointment timeline and whether or not the impact of this means that there is a 'gap' between PAC timings and those of the modification – however, this was not a view shared by all parties in attendance.

DA suggested that there might be value in highlighting that any changes to the PAC requirements would need a UNC modification to support them. Regardless, he believes that this modification should be allowed to progress through the process and if needed, a party could always raise a new reporting orientated modification, especially in the interim period before the PAFA is fully installed into position.

When AL advised that she would not be looking to amend the modification to reinstate any reporting elements, DA accepted the point but warned that participants need to be mindful of any potential impacts on retrospective reporting should it be required at a later date.

When asked for a view on Xoserve's previous statement that it would not be able to provide reports as per 0520A, RH explained that position was based on concerns around the provision of anonymised reporting aspects for post Nexus reports.

In considering whether or not TPD Section M paragraphs 3.5.1, 3.5.1(a) and 3.5.1(b) would still be required should the modification be approved, AC confirmed that 3.5.1(a) would need to be retained due to its 24 month read requirement aspects, although he believes that paragraph 3.5.1(b) could be removed. AC also indicated that paragraph 3.5.3 should also remain in place.

When attention then focused on the reference to [9] months in the two bullet points, concerns were voiced that this is potentially ambiguous and it would be better to expand the statement around the anniversary date and annual read obligation aspects, especially for clarity for legal text production purposes. SM suggested that this has the potential feel of a two tier test criteria for the rolling annual obligations (i.e. an annual read 12 months after taking on the supply point).

When asked, AC confirmed that legal text has not been drafted at this point as he and the lawyers are awaiting clarification of the modification.

Discussions then centred on whether or not we actually need protection from prior read obligations when the 2 year read obligation already provides a 'fallback' provision. In response to the discussions BF undertook amendments to the modification inline with participants views.

AC voiced his concern that the proposed changes to the statements appear to 'soften' the current Code provisions, which he doubts the Competition and Market Authority (CMA) would support. However, some believed that the revised statement better reflected CMA requirements.

When it was suggested that the Performance Assurance Committee (PAC) would need to consider what constitutes 'reasonable endeavours', AC once again voiced his concern that this softens current Code provisions. Whilst it was acknowledged by those present that 'reasonable endeavours' is different and easier test to 'best endeavours', it was also suggested that specifying a 70% read obligation conflicts with what constitutes 'reasonable endeavours', especially when baring in mind that Shippers can never guarantee 100% reads which is why the 2 year must read provisions are so important, that said most were currently exceeding 70% by a reasonable margin. It was noted that going forwards the PAC would be monitoring read performance and associated costs very closely.

AC pointed out that in his opinion, the solution needs to specify that the modification only applies to annual read requirements. When asked why only annual reads, AC explained that

¹ A copy of the Performance Assurance Committee minutes for the 14 March 2017 meeting are available to view and/or download from the Joint Office web site at: <http://www.gasgovernance.co.uk/PAC/140317>

monthly reads already have their own set of obligations. Once again, BF made onscreen amendments to the wording within Section 3.

Workgroup debate then focused on whether these are Shipper or Supplier obligations (i.e. in essence what we are looking at is the Supplier licence obligation related start date aspects) and whether the modification highlights potential Supplier impacts on Shippers.

The reluctant consensus of those in attendance was that this might be a SPAA change matter rather than a UNC modification one, as the industry should not drive Supplier obligations or behaviours via a UNC modification. AL responded by explaining that one of the original intentions behind raising the modification was to avoid the need for the CMA to impose Supplier licence changes. CB enquired whether the modification is more about making sure that when a Shipper receives the read (via the Supplier), they then pass it on for settlement purposes. In suggesting that a change to the SPAA Schedule 22 would be required, DA also believes that the modification is still required in order to 'cover off' Shipper Code performance aspects.

In noting that there is a potential cross code impact, supported by both a potential (new) SPAA obligation on Suppliers and a Code obligation on Shippers, BF undertook some additional onscreen changes to the wording within Section 3 to better reflect Workgroup discussions.

In assessing how the current 70% / 90% Code obligations would fit in with the new proposals, it was noted that there could be some potentially redundant Code related aspects to consider.

Some Workgroup participants remained of the view that the CMA has clearly misunderstood the Supplier/Shipper relationship.

Concluding discussions, AL indicated that she would consider the points raised at the meeting, especially the SPAA and Code aspects and consider whether or not to either withdraw or amend the modification inline with the discussions.

3.0 Development of Workgroup Report

Consideration of this item was deferred.

4.0 Review of Actions Outstanding

0201: *Reference post Nexus UO6 reads* – Xoserve (DA) to ascertain whether these are actual or estimated reads.

Update: RH confirmed that these are actual reads. **Closed**

5.0 AOB

None.

6.0 Next Steps

BF proposed that at the next meeting the Workgroup would consider any amendments made to the modification with a view to continuing development of the Workgroup Report.

7.0 Diary Planning

Further details of planned meetings are available at: www.gasgovernance.co.uk/Diary

Workgroup meetings will take place as follows:

Time/Date	Venue	Workgroup Programme
10:30 Thursday 27 April 2017	Elaxon, 350 Euston Road, London NW1 3AW	Standard agenda plus <ul style="list-style-type: none"> • Consideration of amended modification • Development of Workgroup Report

Action Table (as at 23 March 2017)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0201	23/02/17	2.0	<i>Reference post Nexus UO6 reads – Xoserve (DA) to ascertain whether these are actual or estimated reads.</i>	Xoserve (DA)	Update provided. Closed