











UNC Request Workgroup Report		At what stage is this document in the process?
<h1>UNC 0594R:</h1> <h2>Meter Reading Submission for Advanced &amp; Smart Metering</h2>		<div>01 Request</div> <div>02 Workgroup Report</div> <div>03 Final Modification Report</div> <div></div>
<p>The rollout of Advanced and Smart Metering delivers the opportunity to utilise more frequent consumption data throughout industry processes at marginal cost. This Request is to review the arrangements and requirements for Shippers to provide reads for Class 3 Supply Points and above where such equipment is utilised.</p>		
	<p>The Workgroup recommends that this Request should be:</p> <ul style="list-style-type: none"> <li>further assessed by a Workgroup</li> </ul> <p>The Panel will consider this Workgroup Report on 21 September 2017. The Panel will consider the recommendations and determine the appropriate next steps.</p>	
	<p>High Impact:</p> <p>None</p>	
	<p>Medium Impact:</p> <p>None</p>	
	<p>Low Impact:</p> <p>Shippers and Transporters</p>	

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About this document:		Contact: <b>Joint Office of Gas Transporters</b>
<p>This report will be presented to the panel on 21 September 2017.</p> <p>The panel will consider whether the Request should be closed or returned to the workgroup for further assessment.</p>		 <a href="mailto:enquiries@gasgovernance.co.uk">enquiries@gasgovernance.co.uk</a>
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# 1 Request Summary

## Why is the Request being made?

The rollout of advanced and smart metering in the GB Gas market provides an opportunity for more granular consumption data (Data) to be provided into Central Industry Systems at marginal cost. The benefits of such Data being provided are well-established and should drive more accurate cost allocation.

Currently there are no requirements/obligations for Shippers to provide more frequent meter readings should a Smart/Advanced meter be installed. This Request is to consider options for the provision of this Data on a more frequent basis to support the Settlement process. It is believed that any proposals should apply to Class 1, 2 and 3 Supply Points; however this would be tested as part of the review.

## Scope

The workgroup was asked to consider the merit of requiring that Supply Points with Smart and Advanced metering installed and operational such be required to operate in Class 3 and/or above.

The workgroup was asked to consider: -

- Benefits from more frequent Data being available including (but not limited to)
  - Back Office Efficiencies
  - Reduced risk of historic and/or large reconciliations
  - Reduced finance costs / credit cover requirements
  - Reduced unidentified Gas
  - Scaling factor volatility
- Arrangements
  - Identification of eligible Supply Points in Central Systems
  - Frequency of submission – one size fits all or varied by class?
  - Ensuring compliance with the requirements
  - Reads failing validation – do these constitute ‘fail to submit’?
  - Impact on Transporter Agency resources (if any) to address exceptions
  - Impact (if any) on credit and/or cash management arrangements
- Other considerations
  - Facilitating market entry
  - CMA outcome
  - Additional granularity to support Demand modelling
  - Electricity market arrangements
  - Impact on Offtake meter errors
  - Timing –

- post NEXUS plus [X]
- Post RAASP plus [X]
- Impact on faster and more reliable switching
- Performance Assurance Framework
- Supplier/Shipper tipping points when considering UNC Product Class selection
- What behaviours might the proposed arrangements drive?

Note: When designing NEXUS Class 4 was introduced to ensure the status quo for Supply Points which currently did not have access to smart or advanced metering

## Impacts & Costs

The areas that may be impacted are discussed in the Scope section, however the provision of more granular consumption data may be expected to deliver benefits in Settlement.

It is noted that the NEXUS systems were built to be scalable in line with Smart Metering rollout and it is not envisaged that there would be any material extra cost in relation to central industry systems. For other users it is believed the cost of provision of more granular consumption data to be a matter of marginal cost.

## Recommendations

The rollout of advanced and smart metering solutions provides access to consumption granularity at marginal cost. It is important that the efficiencies envisaged to support the cost benefit case for the program are not lost and such benefits are leveraged across the whole market. With the implementation of project NEXUS and the ability to support more granular consumption data we should examine the benefits of ensuring this granularity is not lost in central systems and processes.

## Additional Information

It is acknowledged that the industry is in the process of undertaking a number of significant projects, however it is clear from the output from the CMA that a direction of travel is being set and the industry needs to demonstrate that it is fully leveraging the benefits of these programs.

# 2 Impacts and Costs

## Consideration of Wider Industry Impacts

The workgroup reviewed the scope and topics of the Request and it was generally agreed the scope should be wider than the UNC and should consider wider reforms to meter reading provisions.

The workgroup supported the development of a scoping document to support a Regulatory Request for Information (RFI) which is likely to commence during the 2<sup>nd</sup> quarter 2017 [\[see appendix 1?\]](#), which may then lead to changes in UNC provisions and possibly other Code impacts.

The workgroup recommends that this Request is closed and that any associated UNC impacts identified by the RFI should be managed via UNC modifications once they have been identified. This would allow for the establishment of Cross Code workgroups should there be a need.

## Workgroup Assessment and Impacts

The Workgroup asks Panel to note that an informal Request for Information (RFI) has been issued to industry parties by Ofgem which sought views on the proposed packages highlighted in the CMA report which has been used in the assessment of this Request.

A summary of response information is listed in Appendix 1.

The workgroup was asked to consider the merit of requiring that Supply Points with Smart and Advanced metering installed and operational such be required to operate in Product Class 3 and/or above.

The workgroup was asked to consider: -

- Benefits from more frequent Data being available including (but not limited to)
  - Back Office Efficiencies
  - Reduced risk of historic and/or large reconciliations
  - Reduced finance costs / credit cover requirements
  - Reduced unidentified Gas
  - Scaling factor volatility
- Arrangements
  - Identification of eligible Supply Points in Central Systems
  - Frequency of submission – one size fits all or varied by class?
  - Ensuring compliance with the requirements
  - Reads failing validation – do these constitute ‘fail to submit’?
  - Impact on Transporter Agency resources (if any) to address exceptions
  - Impact (if any) on credit and/or cash management arrangements
- Other considerations
  - Facilitating market entry
  - CMA outcome
  - Additional granularity to support Demand modelling
  - Electricity market arrangements
  - Impact on Offtake meter errors
  - Timing –
    - post NEXUS plus [X]
    - Post RAASP plus [X]
  - Impact on faster and more reliable switching
  - Performance Assurance Framework

- Supplier/Shipper tipping points when considering UNC Product Class selection
- What behaviours might the proposed arrangements drive?

Note: When designing Nexus, Product Class 4 was introduced to ensure the status quo for Supply Points which currently did not have access to Smart or Advanced metering.

Impact on Transporters' Systems and Process	
Transporters' System/Process	Potential impact
UK Link	<ul style="list-style-type: none"> <li>• None</li> </ul>
Operational Processes	<ul style="list-style-type: none"> <li>•</li> </ul>
User Pays implications	<ul style="list-style-type: none"> <li>•</li> </ul>

Impact on Users	
Area of Users' business	Potential impact
Administrative and operational	<ul style="list-style-type: none"> <li>•</li> </ul>
Development, capital and operating costs	<ul style="list-style-type: none"> <li>•</li> </ul>
Contractual risks	<ul style="list-style-type: none"> <li>•</li> </ul>
Legislative, regulatory and contractual obligations and relationships	<ul style="list-style-type: none"> <li>•</li> </ul>

Impact on Transporters	
Area of Transporters' business	Potential impact
System operation	<ul style="list-style-type: none"> <li>•</li> </ul>
Development, capital and operating costs	<ul style="list-style-type: none"> <li>•</li> </ul>
Recovery of costs	<ul style="list-style-type: none"> <li>•</li> </ul>
Price regulation	<ul style="list-style-type: none"> <li>•</li> </ul>
Contractual risks	<ul style="list-style-type: none"> <li>•</li> </ul>
Legislative, regulatory and contractual obligations and relationships	<ul style="list-style-type: none"> <li>•</li> </ul>
Standards of service	<ul style="list-style-type: none"> <li>•</li> </ul>

Impact on Code Administration	
Area of Code Administration	Potential impact
Modification Rules	•
UNC Committees	•
General administration	•

Impact on Code	
Code section	Potential impact
	•
	•

Impact on UNC Related Documents and Other Referenced Documents	
Related Document	Potential impact
Network Entry Agreement (TPD I1.3)	•
Network Exit Agreement (Including Connected System Exit Points) (TPD J1.5.4)	•
Storage Connection Agreement (TPD R1.3.1)	•
UK Link Manual (TPD U1.4)	•
Network Code Operations Reporting Manual (TPD V12)	•
Network Code Validation Rules (TPD V12)	•
ECQ Methodology (TPD V12)	•
Measurement Error Notification Guidelines (TPD V12)	•
Energy Balancing Credit Rules (TPD X2.1)	•
Uniform Network Code Standards of Service (Various)	•

## Impact on Core Industry Documents and other documents

Impact on Core Industry Documents and other documents	
Document	Potential impact
Safety Case or other document under Gas Safety (Management) Regulations	•
Gas Transporter Licence	•

Other Impacts	
Item impacted	Potential impact
Security of Supply	•
Operation of the Total System	•
Industry fragmentation	•
Terminal operators, consumers, connected system operators, suppliers, producers and other non code parties	•



## 3 Terms of Reference

### Background

The rollout of advanced and smart metering in the GB Gas market provide an opportunity for more granular consumption data to be provided into Central Industry Systems at marginal cost. The benefits of such consumption data being provided could drive more accurate cost allocation.

It is timely to consider the utilisation of more granular consumption data within central industry processes.

It is suggested that the Workgroup review the Terms of Reference to ensure the topics are prioritised and any relevant areas included in the review.

### Topics for Discussion

- Understanding the objective and scope of the review;
- Assessment of the benefits of more frequent Data being available;
- Understand volumes and associated impacts of meter reading submissions;
- Consideration of the required supporting arrangements;
- Consideration of the reporting requirements;
- Consider impacts on Supplier/Shipper tipping points for Product Class Selection;
- Understanding the impacts on any SCR;
- Development of Solution (including business rules if appropriate)
- Assessment of potential impacts of the Request and any associated modification(s);
- Assessment of implementation costs of any solution identified during the Request;
- Assessment of legal text (if any);
- Assessment of alternative means to achieve objective.

### Outputs

Produce a Workgroup Report for submission to the Modification Panel, containing the assessment and recommendations of the Workgroup including a draft modification where appropriate.

### Composition of Workgroup

The Workgroup is open to any party that wishes to attend or participate.

A Workgroup meeting will be quorate provided at least two Transporter and two User representatives are present.

### Meeting Arrangements

Meetings will be administered by the Joint Office and conducted in accordance with the Code Administration Code of Practice.

## 4 Modification(s)

No UNC modifications required by this Request.

## 5 Recommendation

The Workgroup invites the Panel to:

- AGREE that Request 0594R should be returned to Workgroup for further assessment.
- The Workgroup requests more time to allow for the consideration of information following the recent closure of a Request For Information (RFI) exercise arranged by Ofgem on behalf of the Workgroup. Responses to the RFI are currently being set out in a format suitable for Workgroup and industry consideration.
- It should be noted that a modification may be raised in the near future to take forward the CMA recommendations concerning the provisions of meter reads which are likely to be implemented during April 2018, however this is unlikely to form part of this report.

## 6 Appendices

### Appendix 1