

UNC Unidentified Gas (UIG) Workgroup Minutes

Tuesday 28 August 2018

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

Attendees

Rebecca Hailes (Chair)	(RH)	Joint Office
Mike Berrisford (Secretary)	(MB)	Joint Office
Andy Clasper	(AC)	Cadent
Carl Whitehouse	(CW)	First Utility
Chris Faulds	(CF)	ScottishPower
Dan Fittock*	(DF)	Corona Energy
Fiona Cottam	(FC)	Xoserve
Imran Shah*	(IS)	British Gas
John Welch	(JW)	npower
Jon Dixon*	(JD)	Ofgem
Kirsty Dudley*	(KD)	E.ON
Lorna Lewin*	(LL)	Orsted
Louise Hellyer	(LH)	Total Gas & Power
Luke Reeves*	(LR)	EDF Energy
Mark Bellman	(MB)	ScottishPower
Mark Jones*	(MJ)	SSE
Mark Rixon*	(MRi)	Engie
Megan Coventry*	(MC)	SSE
Michael Robertson	(MRo)	ScottishPower
Rhys Kealley*	(RK)	British Gas
Robert Cameron-Higgs	(RCH)	Flow Energy
Sallyann Blackett	(SB)	E.ON
Shaheeni Vekaria*	(SV)	Utility Warehouse
Steven Britton*	(SBr)	Cornwall

* via teleconference

Copies of all papers are available at: <http://www.gasgovernance.co.uk/uig/280818>

1.0 Introduction and Status Review

1.1 Approval of Minutes (31 July 2018)

The minutes of the previous meeting were approved.

1.2 Pre Modification discussions

1.2.1 Incentivise Product Class 4 Read Performance – MB/CF

CF provided an overview of the 'PC4 Initiative Proposal' presentation in support of ScottishPower's draft 'Incentivise Product Class 4 Read Performance' modification.

With the bulk of discussions focusing on the 'Example' slides 3, 4 and 5, CF confirmed that it is the percentage of MPRNs rather than AQs that is utilised in order to avoid potential consumption error related issues. He also

confirmed that a site must have been within a particular party's 'ownership' for at least 12 months in order for these proposals to be applied. It was noted that Code states that it could be up to 24 months before a read is required (i.e. 12 months + 12 months).¹

In referring to Code provisions, JW suggested that care is needed around the treatment of 'reasonable endeavours', whilst MB pointed out that for the purposes of these new proposals, 'reasonable endeavours' applies at the site, rather than portfolio level and AC made reference to UNC Modification 0570 'Obligation on Shippers to provide at least one valid reading per meter point into settlement once per annum'.²

In looking to assess whether it would be better to have a solution based around a rolling 12 month calculation ("performance year") or one based on the equivalent month, 12 months ago ("performance month"), some parties felt that whilst care is needed, the individual "performance month" type of solution appears to be the better of the two at this point in time.

FC pointed out that any Meter Reading Agency (performance) shortfalls could potentially have an impact, especially if the "performance month" method is used (for example months 1 to 11 appear fine but month 12 is severely affected by an issue). It could be seen as a commercial decision versus a (Code) obligation satisfaction tension (i.e. not in breach until the actual anniversary comes around). Responding, MB suggested that a rolling 12 months approach ("performance year") could negate some, if not all of this concern, although the question remains as to which is the best overall solution for UIG purposes.

When LH suggested that perhaps the Proposer could look at utilising a last month (or two months) lag in order to enable the industry to adopt a more dynamic model, MB acknowledged the point being made whilst also quoting how the 7/14 month Electricity model works.

When SB observed that whilst profiles and weather factors can also have a bearing, keeping AQs accurate potentially results in a smoother profile, JW suggested that the industry would also need to consider any potentially reconciliation-related impacts.

When CW enquired how we would expect to 'target' these volatile UIG sites (i.e. via AQ swings / fluctuations perhaps), MB suggested that perhaps looking at AQ movement versus the age of the read data might help the industry to better understand the problem.

It was noted that care would be needed to balance manual AQ corrections where reads have rejected in the first instance, and to also take into account 'natural variations' associated with differing behaviours. It was noted that AQ and seasonal fluctuations could also reflect the impact of holiday periods etc.

New Action 0801: Reference targeting volatile UIG sites - Xoserve (FC) to consider providing some initial AQ movement versus the age of the read data related information.

¹ Reference was made to UNC TPD Section M5.9 provisions available here: xxx (please insert link).

² A copy of the Final Modification Report 0570 is available to view and/or download from the Joint Office web site at: <http://www.gasgovernance.co.uk/0570>

In considering how the mechanical aspects behind the calculations might work, KD enquired whether or not one would expect to see potentially differing + or – adjustments for different parties, as she believes that from a financial perspective, this could necessitate quite a tricky invoicing based solution. Workgroup would need to be very clear how these mechanisms would be expected to work. When asked if the solution would possibly take the form of a monthly percentage adjustment, regardless of reconciliation, MB responded by indicating that in essence that is correct and effectively involves a once only charge at a given point in time. When FC suggested that this feels like something that would feed into the amendment invoice process, MB accepted the point before indicating that he would be more than happy to discuss the matter in more detail with Xoserve offline.

MB explained that the aim of the modification is to deliver a simple amendment process that avoids impacting on any balancing aspects.

Moving on to consider the ‘*Conclusion*’ slide, discussions centred around transparency of charges, especially when looking at incentives and penalties and how to take into account any damages related risk exposure. It was felt that whilst the basic principles appear sound, care would be needed to ensure suitable auditable elements are in place to support the solution(s). In accepting the points being put forward, MB felt that in some ways it might not be that easy to ‘predict’ penalties (including any associated proportionality aspects), and whether or not this is of crucial importance, is difficult to ascertain at this time as it is heavily dependant on what the level of UIG is at any point in time. MB reminded those present of the fact that whilst Shippers are in control of their read submissions, they are not necessarily in control of any associated consequences therein.

In thanking parties for their feedback, MB provided a very brief resume of the draft modification proposal during which it was suggested that alignment to, and consistency with, the principles behind UNC Modification 0664 ‘Transfer of Sites with Low Read Submission Performance from Class 2 and 3 into Class 4’ might prove beneficial.

It was also noted that care would be needed to avoid development of a perverse incentive that might become abused.

Summarising the discussions, RH noted the following key points:

- Xoserve to provide initial data (please refer to action 0801 above);
- Site ownership aspects need further consideration;
- Assessment of any potential impact on the current amendment process is needed;
- Transparency around potential penalties and associated processes is needed, and
- Consideration to be given to any potential ‘gaming’ aspects.

During a very brief discussion around when ScottishPower may wish to formally raise the modification, RH advised that if the aim is to present the modification at the September Panel meeting for consideration, then the submission cut off date would be no later than close of play (circa 16:00) on Friday 07 September 2018. However, if the aim is to submit the proposal for consideration at the October Panel meeting then the cut off date would be no later than close of play (circa 16:00) on Friday 12 October 2018.

RH suggested that in the meantime it might be prudent for the Proposer to discuss the matter in more detail with knowledgeable industry parties, especially when bearing in mind that the next UIG Workgroup meeting is scheduled for Wednesday 03 October 2018.

2.0 Workgroups

- 2.1. **0652 - Obligation to submit reads and data for winter consumption calculation (meters in EUC bands 3 - 8)**
(Report to Panel 18 October 2018)
<https://www.gasgovernance.co.uk/0652>
- 2.2. **0659S - Improvements to the Composite Weather Variable**
(Report to Panel 20 December 2018)
<https://www.gasgovernance.co.uk/0659>
- 2.3. **0664 - Transfer of Sites with Low Read Submission Performance from Class 2 and 3 into Class 4**
(Report to Panel 20 December 2018)
<https://www.gasgovernance.co.uk/0664>

3.0 Issues

1.3 New Issues

None raised.

4.0 Any Other Business

4.1. DM Sites Update

FC explained that Xoserve had recently issued a communication to Ofgem on the matter.

JD explained that as things currently stand, and given the length of time that has passed, Ofgem may need to give Shippers a prompt in order to illicit suitable responses. He intends to provide an update at either the forthcoming, or the next following, PAC meeting (03 or 11 September 2018).

4.2. Taskforce Update

FC advised that she would be providing an update to the 12 September 2018 DSC Change Management Committee.

4.3. UIG Tracker Publication Update

FC advised that Xoserve are currently considering reinstating and publishing the UIG Tracker on a weekly basis on the Xoserve web site going forwards.

Workgroup reviewed the UIG issues log spreadsheet on screen. Discussions briefly focused on items 12(a) and (b) in the tracker³, whereupon it was suggested that whilst 12(b) has potentially the bigger impact on UIG, the concern is that the whole issue is greatly understated.

³ A copy of the Xoserve spreadsheet is available to view and or download from the Xoserve web site at:
https://www.xoserve.com/wp-content/uploads/UIG-Issue-Log-2018_08_29.xlsx

SB explained that having undertaken a geographical assessment E.ON believes that the potential differences in play are circa 2%, and that in their sample, every LDZ had a higher average than the standard one.

When MB suggested that there could be value in undertaking a re-evaluation exercise, FC responded in the positive, but pointed out that read performance is the priority. It was agreed that FC and MB would discuss the matter offline.

It was requested that the minutes capture the fact that there is an issue around temperature/pressure corrections (Temperature pressure correction factors) that needs to be considered at some point.

Concluding, FC advised that she would look to update the spreadsheet before confirming that there is no industry group directing Xoserve on this matter, at this point in time.

New Action 0802: Reference the UIG Tracker - Xoserve (FC) to look to review and update the issues log to reflect ScottishPower concerns relating to items 12(a) and (b).

5.0 Diary Planning

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

Time / Date	Venue	Workgroup Programme
10.00 Wednesday 03 October 2018	Radcliffe House, Blenheim Court Warwick Road Solihull B91 2AA	Detail planned agenda items.
10.00 Wednesday 31 October 2018	Radcliffe House, Blenheim Court Warwick Road Solihull B91 2AA	Detail planned agenda items.

Action Table (as at 28 August 2018)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0801	28/08/18	1.2.1	Reference targeting volatile UIG sites - Xoserve (FC) to consider providing some initial AQ movement versus the age of the read data related information.	Xoserve (FC)	Pending
0802	28/08/18	4.3	Reference the UIG Tracker - Xoserve (FC) to look to review and update the issues log to reflect ScottishPower concerns relating to items 12(a) and (b).	Xoserve (FC)	Pending