

Representation - Draft Modification Report UNC 0672

Target, Measure & Report Product Class 4 Read Performance

Responses invited by: **5pm on 15 May 2020**

To: enquiries@gasgovernance.co.uk

Representative:	Keith Watson
Organisation:	EDF Energy
Date of Representation:	13 May 2020
Support or oppose implementation?	Support/Oppose/Qualified Support/Comments * delete as appropriate
Relevant Objective:	d) Positive/Negative/None * delete as appropriate

Reason for support/opposition: Please summarise (in one paragraph) the key reason(s)

We agree that meter reading submission performance is a significant influencing factor in Unidentified Gas (UIG) and that a lack of meter readings is a major risk factor for UIG, as highlighted by the Authority in response to previous modifications and identified by the UIG Task Force (established by UNC modification 0658) respectively.

We support the proposal to introduce an obligation for shippers to achieve a set performance target for readings against overall Annual Quantity (AQ) portfolio and recognise the positive impact this could have on UIG. However, part of this proposal includes a percentage energy reconciled target for:

- Class 4 with an AQ <293,000 with Smart / Automated Meter Reading (AMR) equipment recorded on UK Link - Reads submitted for 90% of overall AQ portfolio for the previous month.

The meter reading frequency of a proportion of the smart metered sites within Product Class 4 (PC4) will be set to annual rather than monthly if Suppliers/Shippers are unable to retrieve meter readings remotely due to issues establishing communication with these meters.

Within the business rules proposed within the draft modification report an operational smart meter will be defined as being where:

- A Meter is installed with a NS or S1 Meter Mechanism where the Installing Supplier is the current Registered Supplier.
- A Meter is installed with a Meter Mechanism of S2; or
- The Data Communications Company (DCC) Flag recorded.

This will fail to capture a multitude of common issues that cause smart meters to be non-communicating and set to 'traditional mode' by Suppliers and will result in a large number of non-communicating smart meters being measured for monthly meter readings despite Suppliers and Shippers being unable to obtain meter readings remotely. Below is a non-exhaustive list of scenarios where the proposed business rules would fail to identify a non-communicating smart meter:

- The current supplier is also the installing supplier of a SMETS 1 smart meter however, this installation is accepted by the consumer on the basis smart communications are disabled. Installing smart meters on this basis enables suppliers to meet the preferences of consumers without the need to replace the meter in the event of changes of occupancy or changes in consumer preference.
- The current Supplier is also the installing Supplier of a SMETS 1 smart meter however, at the point of installation smart meter communications could not be established due signal strength issues. In some instances, SMETS 1 smart meters have been installed at sites where signal strength issues have prevented an active communications link from being established. Such installations have been carried out on the basis signal strength issues may be able to be overcome in future, this scenario is often referred to as 'install and leave'.
- A SMETS 2 smart meter is installed and a Home-Area-Network (HAN) connection is established at the point of installation updating the DCC Service Flag to 'active' however, HAN connection later becomes intermittent and communication with the smart meter being unreliable or non-operational. Where this is the case the DCC Service Flag will remain 'active' however dual band communications hubs or alternative HAN solutions may be required for meter readings to be obtained remotely.
- A SMETS 2 smart meter installation is accepted by a consumer on the basis smart communications are disabled. In this situation the DCC Service Flag would be set to 'active' despite the smart meter operating in traditional mode. Installing SMETS 2 smart meters on this basis enables suppliers to meet the preferences of consumers without the need to replace the meter in the event of changes of occupancy or changes in consumer preference.
- A SMETS 2 smart meter is installed with an active connection to a Wide-Area-Network (WAN) leading to the DCC Service Flag being set to 'active'. However, WAN connection later becomes intermittent and communication with the smart meter becoming unreliable or non-operational. Where this is the case the DCC Service Flag will remain 'active' despite the meter operating in traditional mode until the DCC are able to resolve the WAN issue that would be preventing remote meter readings being received from the smart meter.
- A SMETS 2 smart meter was previously installed but has been removed and replaced with a legacy meter. In this situation the DCC Service Flag would still be set to 'active' even though there is no smart meter installed at the supply meter point.

It is worth noting that the proposed business rules for identifying operational smart meters closely follow those proposed by modification 0692 Automatic updates to Meter Read Frequency. This modification is currently awaiting a decision from the Authority following our decision to appeal the implementation to Panel where we set out these

concerns, before subsequently appealing the decision to implement to the Authority. The flaws within these business rules and our concerns have also been widely shared in industry discussions with Shippers, The Central Data Services Provider (CDSP) and the Authority.

If a solution that accurately identifies non-communicating smart meters cannot be developed, implementation of this modification should be delayed until the ongoing issues with the DCC Service Flag and related Smart Energy Code (SEC) modification MP077 – DCC Service Flagging are resolved.

If a solution can be developed that enables non-communicating smart meters to be accurately identified and excluded from the monthly percentage energy reconciled target, we would fully support this modification. If such a solution cannot be found the annual meter reading performance of these sites could instead be monitored within the proposed annual reading target for Class 4 with an AQ <293,000 without Smart/AMR equipment recorded on UK Link.

Implementation: *What lead-time do you wish to see prior to implementation and why?*

If this modification is to be implemented without addressing the flaws in the identification of smart meters as proposed by this modification, or another solution cannot be designed to enable non-communicating smart meters to be identified and measured against an annual meter reading frequency, then implementation should be delayed until the ongoing issues with the DCC Service Flag and related SEC modification MP077 – DCC Service Flagging are resolved.

Impacts and Costs: *What analysis, development and ongoing costs would you face?*

N/A

Legal Text: *Are you satisfied that the legal text will deliver the intent of the Solution?*

N/A

Modification Panel Members have requested that the following questions are addressed:

Q1: Views are requested on whether this Modification should be the subject of Self-Governance or Authority Direction?

This Modification could have a material impact on Shippers and therefore should be subject to Authority Direction as it seeks to apply charges based on Shipper read performance at 12 months which could result in additional costs and could therefore have a material impact on competition.

Are there any errors or omissions in this Modification Report that you think should be taken into account? *Include details of any impacts/costs to your organisation that are directly related to this.*

See comments regarding the accurate identification of non-communicating smart meters.

Please provide below any additional analysis or information to support your representation

Based on data published by the Department for Business, Energy and Industrial Strategy (BEIS) there are approximately 1.7 million gas smart meters installed by larger energy suppliers that are operating in 'traditional mode' as of 31 December 2019. This represents around 21% of the total gas smart meters installed by larger energy suppliers at that point in time.

If this modification is implemented as currently proposed without a solution that accurately identifies non-communicating smart meters, Shipper performance of percentage energy reconciled target for Class 4 with an AQ <293,000 with Smart / Automated Meter Reading (AMR) equipment recorded on UKLink could be significantly impacted and could unfairly prejudice Shipper users with non-communicating smart meters within their portfolio.