

Stage 02: Request Workgroup Report		At what stage is this document in the process?
<h1>0564R:</h1> <h2>Review of Annual Read Meter Reading requirements</h2>		<div style="display: flex; flex-direction: column; align-items: flex-end;"> <div style="border: 1px solid #ccc; border-radius: 5px; padding: 5px; margin-bottom: 5px; display: flex; align-items: center;"> <span style="border: 1px solid #ccc; border-radius: 5px; padding: 2px 5px; margin-right: 5px;">01</span> Request         </div> <div style="border: 1px solid #ccc; border-radius: 5px; padding: 5px; display: flex; align-items: center;"> <span style="border: 1px solid #ccc; border-radius: 5px; padding: 2px 5px; margin-right: 5px; background-color: #0070c0; color: white;">02</span> Workgroup Report         </div> </div>
<p>A review of the existing UNC obligations concerning the ‘cyclic’ reading of Annual Read Meters is necessary. This includes the procurement by Transporters of ‘must reads’ in the event such Meters are not read.</p>		
	<p>The Workgroup recommends that:</p> <ul style="list-style-type: none"> <li>• That “Modification 0570 should continue through the assessment process;</li> <li>• National Grid Distribution is to extend the use of the “must read’ process as it would be beneficial in reducing the numbers of sites which remain unread;</li> <li>• That National Grid Distribution feedback the results of the amended “must read” process at future Distribution Workgroup meetings;</li> <li>• That further assessment is not required and the Workgroup should now be closed.</li> </ul>	
	<p>High Impact: None</p>	
	<p>Medium Impact: Shipper Users and Distribution Network Operators (DNOs)</p>	
	<p>Low Impact: None</p>	

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The panel will consider the recommendations in this report and whether further assessment is needed.		Proposer: <b>Chris Warner</b>
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# 1 Request Summary

## Why is the Request being made?

The provisions of UNC TPD Section M5.9 and M5.10 (Modification 0432 drafting) in the context of Annual Read Meters have not been subject to review for many years. In the light of the forthcoming Performance Assurance framework and increasing industry scrutiny of the accuracy of key gas settlement data being the Annual Quantity (AQ), the proposed cessation of the 'must inspect' conditions contained within the Supplier Licence and the findings of the Competition and Markets Authority (CMA) investigation into the energy market, it is timely that the relevant terms of the UNC are reviewed. This is with respect to the 'cyclic' Annual Meter Reading and 'must read' provisions pertaining to Annual Read Meters.

## Scope

Limited to the frequency of the reading of Annual Read Meters and consideration as to when Failure to obtain readings ('must read') provisions should be applied to Annual Read Meters.

## Impacts & Costs

No additional costs have been identified. However, some participants were concerned that additional abortive visit costs may be incurred and therefore regular updates would demonstrate the effectiveness of the process.

## Recommendations

The Workgroup has made the following recommendations

1. That "Modification 0570 - Obligation on Shippers to provide at least one valid meter reading per meter point into settlement once per annum" should continue through the assessment process until it is concluded by its Workgroup;
2. National Grid Distribution is to extend the use of the existing "must read" process to include annually read meters as it would be beneficial in reducing the numbers of sites which remain unread. It is noted that a modification to the UNC is not required for this process extension. Other Transporters are considering changing their processes to mirror National Grids Distribution amended "must read process".
3. That National Grid Distribution feedback the results of the amended "must read" process at future Distribution Workgroup meetings. Some Workgroup participants were concerned that information Shippers may have on sites and in particular vacant sites, would not be used in this exercise and that abortive visits would be undertaken which would be inefficient. Regular reports would allow participants the opportunity to review process updates and understand the benefits gained.
4. That further assessment is not required and the Workgroup should now be closed.

## Additional Information

1. It is noted that under its recent consultation 'Reforming suppliers' meter inspection obligations' (published 23<sup>rd</sup> July 2015), Ofgem is proposing to remove the 'must inspect' obligations under Supplier Licence Condition 12. While it is clearly understood that the 'must inspect' obligations have no association whatsoever with the UNC, It is co-incidental that the existing 'must inspect' provisions require the procurement of a Meter Reading by the Supplier and provision of this via the Shipper User to the DNO every two years. It is suggested that this be considered by the Workgroup.

2. It is possible that any changes to UNC which might be proposed as a consequence of this review are not contingent on Project Nexus and may in principle be implemented ahead of the UK-Link programme.

## 2 Impacts and Costs

### Consideration of Wider Industry Impacts

Subject to the outcome of this review it may be necessary for Shipper Users to consider the impacts of possible changes in the frequency of Meter Reading on their Meter Reading Agents and customers. DNOs may also need to consider the consequences of changes in their “must read” activities following the changes to the National Grid Distribution “must read” process.

### Meter Reading Performance

Current UNC obligations place meter reading performance requirements for annual read meters of at least 70% of a Shippers portfolio annually. The Workgroup reviewed these requirements and felt that with the roll out of Smart meters, the performance target may no longer be suitable.

The Workgroup was presented with meter reading performance information extracted from central systems. The information was broken down by Shipper on a non disclosed basis and overall community performance levels with averages. A high level summary has been provided in the table below:

<b>Total Number of MPRNs (Annual Read)</b>		<b>21,710,089</b>	<b>100%</b>
Of which:	MPRNs with a read submitted and accepted	20,547,601	94.7%
	MPRNs which have not had a read submitted	1,061,232	4.8%
	MPRNs which had a read submitted and rejected	101,256	0.5%

It was noted that collectively, the industry was achieving a performance close to 95% of annual reads on a voluntary basis and perhaps this should be established as a more formal target in UNC. However, others were concerned that this target did not differentiate between standard and Smart meters and perhaps targets should be higher for Smart meters as once installed, it should be reasonably easy to obtain and submit reads for settlement purposes.

A number of concerns were raised that setting the performance level at too high a level at this time may be problematic as the industry was entering a period of significant change with the roll out of Smart meter and implementation of Project Nexus. The later would include the implementation of Rolling AQ, which may mean Shippers were changing their meter reading strategies and collectively these changes may put too much pressure on Shippers to maintain read performance during the transitional period.

It was also noted that following its establishment, the Performance Assurance Committee would provide the right level of scrutiny to set meter reading performance targets for the industry following Project Nexus implementation.

It was also noted that Modification 0570 was proposing that Shippers should submit at least one meter reading annually and that this was over the 95% target consider in the Request discussions. Therefore, as no consensus on approach could be agreed with the Workgroup, it was recommended that Modification 0570 continue through the assessment process outside of this Workgroup.

## Extension of the “must read” process

The Workgroup noted that each year a number of meters remain unread despite Shippers efforts to access the meter to do a read. This can be for a number of reasons such as vacant property, demolition, remote meter locations, unoccupied sites and entry refusal. Although Suppliers have legal obligations to read meters, its very unlikely that British Courts would issue warrants to gain entry to a premises for the purposes of providing a meter read for settlement.

Transporters highlighted that currently they have rights under UNC to instigate the must read process for all frequencies of meter reads where Shippers have been unable to provide these with allowed timescales. However, these rights are not enforced by Transporters for annually read sites and they proposed that it may be an ideal opportunity for Transporters to do so.

Shippers felt it may be beneficial if Transporters did so only where they intended to use their greater powers of entry otherwise they wee no more likely to gain access to the meter than Shippers and Shippers would have to fund the cost of the additional visit. Transporters advised that they would be unwilling to use their powers of entry for purposes, which were not directly safety related.

National Grid Distribution is to extend their current “must read” process to include annually read meters and provided a timeline set out in Appendix 1.

The Workgroup questioned what National Grid Distribution would do differently to the Shippers in order to obtain “must reads” as they contend that they make every effort possible in order to read every meter within the obligated timescales. National Grid Distribution carried out a 100 random site trial to test the assertion that additional Meter Readings would not be forthcoming without the use of its warrants process. The trial was carried out using the current must read process and achieved a success rate of 49%. As a consequence of the high numbers of meter reads procured, National Grid Distribution indicated it now intends to extend the current must read process to include Annual Read Supply Meters.

National Grid Distribution agreed to review its plan in light of the comments received and report back to the Distribution Workgroup on a regular basis.

## Impacts

Impact on Transporters’ Systems and Process	
Transporters’ System/Process	Potential impact
UK Link	<ul style="list-style-type: none"> <li>No impact identified.</li> </ul>
Operational Processes	<ul style="list-style-type: none"> <li>Amend “must read” process (National Grid Distribution only)</li> </ul>
User Pays implications	<ul style="list-style-type: none"> <li>None</li> </ul>

Impact on Users	
Area of Users’ business	Potential impact
Administrative and operational	<ul style="list-style-type: none"> <li>No additional impacts.</li> </ul>
Development, capital and operating costs	<ul style="list-style-type: none"> <li>There will be additional operating costs due as the “must read” process is to be extended.</li> </ul>

Impact on Users	
Contractual risks	<ul style="list-style-type: none"> <li>No impact identified.</li> </ul>
Legislative, regulatory and contractual obligations and relationships	<ul style="list-style-type: none"> <li>No impact identified.</li> </ul>

Impact on Transporters	
Area of Transporters' business	Potential impact
System operation	<ul style="list-style-type: none"> <li>No impact identified.</li> </ul>
Development, capital and operating costs	<ul style="list-style-type: none"> <li>No impact identified.</li> </ul>
Recovery of costs	<ul style="list-style-type: none"> <li>No impact identified.</li> </ul>
Price regulation	<ul style="list-style-type: none"> <li>No impact identified.</li> </ul>
Contractual risks	<ul style="list-style-type: none"> <li>No impact identified.</li> </ul>
Legislative, regulatory and contractual obligations and relationships	<ul style="list-style-type: none"> <li>No impact identified.</li> </ul>
Standards of service	<ul style="list-style-type: none"> <li>No impact identified.</li> </ul>

Impact on Code Administration	
Area of Code Administration	Potential impact
Modification Rules	<ul style="list-style-type: none"> <li>No impact identified.</li> </ul>
UNC Committees	<ul style="list-style-type: none"> <li>No impact identified.</li> </ul>
General administration	<ul style="list-style-type: none"> <li>No impact identified.</li> </ul>

Impact on Code	
Code section	Potential impact
UNC	<ul style="list-style-type: none"> <li>No impacts on the UNC as a result of extending the "must read" process.</li> </ul>

Impact on UNC Related Documents and Other Referenced Documents	
Related Document	Potential impact
Network Entry Agreement (TPD I1.3)	<ul style="list-style-type: none"> <li>No impact identified.</li> </ul>
Network Exit Agreement (Including Connected System Exit Points) (TPD J1.5.4)	<ul style="list-style-type: none"> <li>No impact identified.</li> </ul>
Storage Connection Agreement (TPD R1.3.1)	<ul style="list-style-type: none"> <li>No impact identified.</li> </ul>

Impact on UNC Related Documents and Other Referenced Documents	
UK Link Manual (TPD U1.4)	<ul style="list-style-type: none"> <li>No impact identified.</li> </ul>
Network Code Operations Reporting Manual (TPD V12)	<ul style="list-style-type: none"> <li>No impact identified.</li> </ul>
Network Code Validation Rules (TPD V12)	<ul style="list-style-type: none"> <li>No impact identified.</li> </ul>
ECQ Methodology (TPD V12)	<ul style="list-style-type: none"> <li>No impact identified.</li> </ul>
Measurement Error Notification Guidelines (TPD V12)	<ul style="list-style-type: none"> <li>No impact identified.</li> </ul>
Energy Balancing Credit Rules (TPD X2.1)	<ul style="list-style-type: none"> <li>No impact identified.</li> </ul>
Uniform Network Code Standards of Service (Various)	<ul style="list-style-type: none"> <li>No impact identified.</li> </ul>

Impact on Core Industry Documents and other documents	
Document	Potential impact
Safety Case or other document under Gas Safety (Management) Regulations	<ul style="list-style-type: none"> <li>No impact identified.</li> </ul>
Gas Transporter Licence	<ul style="list-style-type: none"> <li>No impact identified.</li> </ul>

Other Impacts	
Item impacted	Potential impact
Security of Supply	<ul style="list-style-type: none"> <li>No impact identified.</li> </ul>
Operation of the Total System	<ul style="list-style-type: none"> <li>No impact identified.</li> </ul>
Industry fragmentation	<ul style="list-style-type: none"> <li>No impact identified.</li> </ul>
Terminal operators, consumers, connected system operators, suppliers, producers and other non code parties	<ul style="list-style-type: none"> <li>No impact identified.</li> </ul>

## 3 Terms of Reference

### Background

The provisions of UNC TPD Section M5.9 and M5.10 (Modification 0432 drafting) have not been subject to review for many years. In the light of the forthcoming Performance Assurance framework and increasing scrutiny of the accuracy of key industry data, including Annual Quantity (AQ), the proposed cessation of the 'must inspect' provisions of the Supplier Licence and the findings of the CMA investigation into the energy market, it is timely that the relevant terms of the UNC are reviewed. This is with respect to the 'cyclic' reading and 'must read' requirements pertaining to Annual Read Meters.

### Topics for Discussion

#### Workgroup 1 – information gathering

- Background to the Annual Meter Reading requirements, including existing UNC obligations
- Possible Performance Assurance framework-related requirements (source - Engage report 'Gas Market Settlement Risk Quantification' dated 29<sup>th</sup> January 2015)
- 'Must-inspect' provisions in the Supplier Licence
- Identification of the first cut of fundamental industry requirements for Annual Meter Reading processes
- CMA Energy Market Investigation

#### Workgroup 2 – agreeing the basic requirements and options analysis

- Agreement on overall industry requirements for Annual Meter Readings
- Identification and development of preferred options / solutions
- Initial assessment of potential impacts of the identified solutions

#### Workgroup 3 – finalising options and solutions

- Agreement of preferred options / solutions
- Finalise assessment of implementation costs of any solutions

#### Workgroup 4 - reporting

- Completion of the Workgroup report

### 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. Shipper representatives not normally involved in the UNC processes will be particularly welcome and invitations will be targeted at these parties.

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

### Meeting Arrangements

## 4 Modification(s)

The Workgroup notes that Modification 0570 has been raised and that its scope includes amending the number of reads required to be submitted for settlement purposes and this includes increasing the annual performance target.

The Workgroup recommends that development of Modification 0570 should continue as this would allow participants the option of continuing with the proposal as currently drafted or proposing an alternative approach.

## 5 Recommendation

The Workgroup has made the following recommendations

1. That “Modification 0570 - Obligation on Shippers to provide at least one valid meter reading per meter point into settlement once per annum” should continue through the assessment process until it is concluded;
2. National Grid Distribution is to extend the use of the existing “must read” process to include annually read meters as it would be beneficial in reducing the numbers of sites which remain unread. It is noted that a modification to the UNC is not required for this process extension. Other Transporters are considering changing their processes to mirror National Grid Distributions amended “must read process”.
3. That National Grid Distribution feedback the results of the amended “must read” process at future Distribution Workgroup meetings. Some Workgroup participants were concerned that information Shippers may have on sites and in particular vacant sites, would not be used in this exercise and that abortive visits would be undertaken which would be inefficient. Regular reports would allow participants the opportunity to review process updates and understand the benefits gained.
4. That further assessment is not required and the Workgroup should now be closed.

## 6 Appendices

### Appendix 1 - High level 'must read' process timeline

