

0224: Facilitating the use of AMR in the Daily Metered Elective Regime

**Development Workgroup Report**  
**Facilitating the use of AMR in the Daily Metered Elective Regime**  
**Modification Reference Number 0224**

Version 0.1

This Development Work Group Report has been prepared by Group Members and follows the format required by the UNC Modification Rules.

The Workgroup considers that the Proposal is sufficiently developed and should now proceed to the Consultation Phase. [The Workgroup does not recommend that the Panel requests the preparation of legal text for this Modification Proposal.]

## **1 The Modification Proposal**

This modification proposal builds on the work completed in Review Group 0175 “Encouraging participation in the elective DM regime”.

It is requested that this modification proposal proceeds to development in a distinct development workgroup before proceeding to consultation. This modification contains draft business rules which need to be considered and reviewed by interested parties prior to consultation.

### **Nature and Purpose of Proposal (including consequence of non implementation)**

This modification proposal seeks to facilitate the use of AMR equipment in the business market for gas. Under this modification proposal Users may elect, on a voluntary basis, to use their own AMR equipment to supply daily meter readings to the relevant Transporter for use in balancing and settlement.

The proposal fits with the government objective to roll-out AMR to the business market above 732MWh and allows for the information provided by AMR devices to be optimised by use in settlement.

The draft supply licence obligation states:

- On or from [1 January 2009], where a licensee installs or arranges the installation of a gas meter to any premises which have an annual consumption of over 732,000 kWh, the meter must either on its own or with an ancillary device –
  - a) store measured gas consumption data for multiple time periods; and
  - b) provide remote access to such data by the licensee.
- As from 1 January 2014, the licensee must not supply gas to any premises which have an annual consumption of over 732,000 kWh other than through such a meter.
- In response to a request from a customer, timely access to the data from the meter must be given to the customer supplied through that meter, or to the customer’s

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nominated agent.

**Current take-up of voluntary DM (DMSP) service**

Currently, Large Supply Meter Points who are currently Non-Daily Metered (NDM) can nominate to be Daily Metered. Such a nomination under the UNC requires that a meter point is subject to Daily Metered service provision by the appointed Daily Metered Service Provider (DMSP) i.e. the local Distribution Network Owner. This process entails installation of the DMSP datalogger equipment and associated installation and rental charges to the user. DMSP charges for datalogger equipment and daily read provision are approximately £800 per year and this has been cited by some as being a barrier to participation.

To date, numbers utilising the voluntary service have been low, as illustrated by the table below:

NDM Band	Meter count (total)	Voluntary DM	% Voluntary DM
Bands 2-4	413,004	42	0.01%
Bands 5-8	23,870	1,301	5.45%
Total	436,874	1,343	0.3%

*Source: xoserve*

**Draft Business Rules**

This modification proposes to use the established Daily Metered systems and processes to achieve a tactical solution ahead of any changes to UK-Link systems ahead of potential changes that may be delivered by Project Nexus in 2012/13.

The following draft business rules form the basis of this proposal and outline the relevant processes involved.

**Definition:** DME – Daily Metered Elective

**1. Rollout**

Implementation of this proposal will be phased as follows: [The DNs suggested that phasing on a first come first served basis might be considered.]

1.1 Phase 1 (12 months duration) – Phase 1 will commence on the date of implementation and end on the date of commencement of Phase 2. NDM meter points within EUC bands 6-8 will be able to be nominated as DM Elective during this phase.

1.2 Phase 2 (6 months duration) – Phase 2 will commence on the date of implementation

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plus 12 months or, if later, when a satisfactory checkpoint assessment has been completed by the Transporter Agency and will end on the date of commencement of Phase 3. NDM meter points within EUC bands 5-8 will be able to be nominated as DM Elective during this phase.

- 1.3 Phase 3 (open ended) – Phase will commence on the date of implementation plus 18 months or, if later, when a satisfactory checkpoint assessment has been completed by the Transporter Agency and will be enduring. NDM meter points within EUC bands 4-8 will be able to be nominated as DM Elective subject to a prescribed limit on the number of DM Elective meter points. This limit will initially be set at 25,000 but may be varied if the Uniform Network Code Committee so determine by Panel Majority.
- 1.4 Starting in the month following the commencement of Phase 3, the Transporter Agency will report to shippers on a monthly basis the number of DM Elective meter points and the prescribed limit.

### **2. Eligibility for DM Elective (DME)**

- 2.1 Participation as DME will be voluntary and limited to Large Supply Points whose Annual Quantity is greater than 732,000kWh. The timing of eligibility for participation as DME will be subject to the rollout programme as defined above (1.1 to 1.4). Supply Points who are Daily Metered Mandatory (DM) will not be included in these arrangements.
- 2.2 During the rollout period incoming shippers may need to check the eligibility of new meter points on their portfolio to assess whether they can be nominated as DM Elective.
- 2.3 EUC band information can be checked by incoming shippers via an enquiry file submission to the Transporter Agency.

### **3. Registration as DM Elective (DME)**

- 3.1 Existing NDM meter points will remain as NDM meter points unless actively nominated and confirmed by the shipper as DM Elective. Once nominated and confirmed as DM Elective, meter points will remain DM Elective unless actively nominated and confirmed otherwise.
- 3.2 Nomination of a DME meter point will be notified to the Transporter Agency using existing SPA processes (Nom File).
- 3.3 Meter point classification of DME will be recorded by the Transporter Agency on the supply point register following nomination by the shipper.
- 3.4 Shippers will nominate DME meter points in line with the current Daily Metered process with regards to DM AQ, DM SOQ and SHQ.
- 3.5 The Transporter Agency will populate the BSSOQ following the first winter as a DME, this is in line with the current process for DM supply points in G5.2.3b
- 3.6 The Transporter Agency will apply DM validation rules to SOQ information

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provided by shippers under 3.4 above.

- 3.7 Nomination of a DME meter point will not be referred to the relevant Transporter unless the nominated DM SOQ is greater than the previous NDM SOQ.
- 3.8 Nomination as a DME meter point will be taken as confirmation that equipment capable of providing daily reads is present at the meter point.
- 3.9 The Transporter Agency will not be required to keep or maintain records of assets relating to equipment capable of providing daily reads at DME meter points.

### 4. Read Provision

- 4.1 Shippers will provide daily readings to the Transporter Agency using a defined format.
- 4.2 Shipper submitted reads will be accepted as actual readings by the Transporter Agency subject to the prevailing DM validation rules. [ST suggested that timings will need to be established for the provisions in this section.]
- 4.3 Where the shipper provided read is not accepted the Transporter Agency will inform the shipper on the day the unacceptable read is provided.
- 4.4 Where the shipper does not provide a valid read for Day (D) the Transporter Agency will provide and load an estimated read:
  - i) The estimated read will be provided to the shipper by the Transporter Agency on the day it is produced.
  - ii) The estimated read service will follow the existing DM read estimation process; D-7 or where no D-7 is available then AQ/365.
  - iii) The estimated read service will be subject to an incentive charge where agreed meter read performance targets are not achieved. (reference TPD M 5.2).
- 4.5 Actual reads may be submitted by the shipper up to D+5 to replace any estimate as per current DM rules.
- 4.6 Once an actual read has been accepted by the Transporter Agency this cannot be changed subsequently except via a consumption adjustment.
- 4.7 The consumption adjustment service will be a user pays service and will be chargeable in accordance with the Agency Charging Statement.

### 5. Shipper Transfer

- 5.1 Upon shipper transfer the incoming shipper will provide an opening (transfer) read to the Transporter Agency by [10am] on the day.
- 5.2 Where the incoming shipper is unable to provide an opening read on Day 1 the Transporter Agency will provide an estimated read.
- 5.3 The initial opening read estimate provided by the Transporter Agency in 5.3 above shall not be chargeable to the shipper - any further estimated reads will be

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chargeable to the shipper as per 4.4(iii) above.

- 5.4 The incoming shipper will have access to the outgoing supplier ID at point of transfer (confirmation).
- 5.6 The incoming shipper should request historic consumption data from the customer.

**6. Reconciliation and Resynchronisation**

- 6.1 When a resynchronisation has been undertaken this needs to be flagged to the Transporter Agency on the day of the resynchronisation
- 6.2 Shippers will validate resynchronisation readings prior to submission to the Transporter Agency.
- 6.3 *Where shippers identify a resynchronisation read is due, the Transporter Agency will flag reads as estimates (E) until a resynchronisation read is submitted.*
- 6.4 Shippers will submit resynchronisation readings with the effective date of the reading to the Transporter Agency. Resynchronisation readings may be submitted up to D+5.
- 6.5 Rollover reconciliation is currently set to 100,000kwh for DM mandatory meter points. For DME meter points rollover size will be scaled to that meter point's previous EUC band. [needs specifying]

**7. Check Readings and Inspection**

- 7.1 Shippers will continue to perform check readings and meter inspections in line with their obligations. An annual check reading will be submitted (see M4.7.1).
- 7.2 In accordance with the Agency Charging Statement, the Transporter Agency will make available to shippers a [monthly] report on a non- code user pays basis to detail check reading and inspection due dates.

**8. Datalogger faults**

- 8.1 Where the equipment used to provide daily reads is found to be faulty, the shipper will notify the Transporter Agency on the day it becomes aware of the fault, and the Transporter Agency will record that a fault has been identified.
- 8.2 Any reads submitted by the shipper whilst the equipment has been recorded as faulty will be rejected by the Transporter Agency and replaced by estimates as described in rule 4.4.
- 8.3 Replacement reads provided by the Transporter Agency under 8.2 above will be chargeable to the shipper in accordance with rule 4.4 (iii).
- 8.4 Where a datalogger fault has been fixed the shipper will notify the Transporter Agency on the day it becomes aware it has been fixed and undertake resynchronisation, and provide such detail to the Transporter Agency, where necessary.
- 8.5 Where a shipper provides a zero read the Transporter Agency will accept this in line

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with current UNC DM processes.

### 9. DME Ratchets

9.1 Ratchet charges will not be levied for a DME meter point until the meter point's 12 month anniversary as a DME where:

- i) The nominated DMSOQ is equal to or higher than the previous NDMSOQ

Where 9.1i is satisfied the ratchet alert will be sent to the shipper but no charges will be levied.

9.2 Ratchet charges will be applied according to the current UNC provisions where the nominated DMSOQ for a DME meter point is lower than the previous NDMSOQ.

### 10. Changes to classifications

10.1 Where a supply meter point no longer meets the criteria of a DM mandatory supply meter point the shipper may elect to reconfirm such meter points as DM Voluntary, DME or NDM.

10.2 Where such meter points (as per 10.1 above) remain to be read by the DMSP these shall be DM voluntary meter points and prevailing charges will be applied.

10.3 Where a DME supply meter point meets the criteria of a DM mandatory supply meter point the shipper must reconfirm that meter point as DM mandatory.

10.4 Where a DM voluntary supply meter point is nominated as DME any future change back to DM mandatory/Voluntary will incur relevant charges from the DMSP to the shipper.

10.5. For the purposes of "gas protected by monitor" calculations, volumes associated with DME load should be treated the same as NDM loads.

### End of business rules

#### User Pays costs and charging

This modification proposal will introduce the Daily Metered Elective regime as an optional user pays based service. This will be defined as a code service and prices will be determined by the Agency Charging Statement (ACS) methodology and published in the ACS. Allocation of costs will be [100%] Shipper, [0%] Transporter. Once a more accurate cost estimate has been established, charges will be fixed for the initial period and reviewed [annually] by the transporters via the ACS. The proposed menu of charges will comprise:

- i) Fixed charges – These charges will be applied monthly and charged on a supply meter point basis for the duration of the service, up to a maximum of [4] years. These charges aim to recover the costs incurred by the Transporter Agency for analysis, development and implementation of the central system changes.
- ii) Operational Charges – These charges will be applied monthly on a supply

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meter point basis for the duration of the service. These charges aim to recover the additional operational costs incurred by the Transporter Agency from extending the DME service.

- iii) Transaction Charges – These charges will be applied daily and billed on a monthly basis. These charges aim to reflect the costs incurred by the Transporter Agency for the provision of additional services within the UNC regime. For example; estimated reads where a shipper has failed to provide a read in accordance with the business rules.

**Rough Order of Magnitude costs**

Review group 175 identified the following rough order of magnitude costs associated with this proposal:

**Table 2 –**

<u>Rough Order of Magnitude Costs</u> £000s					
One- Off Costs	Supply Point Number	Core System Change Costs	Offline System Replacement Costs	xoserve project delivery costs	Total Costs (One-Off)
	<25,000	£270k-£395k	£40k-£60k	£70k-£95k	£380k-£550k
Operational Costs (Annual)		Operational Costs	Operational Support	-----	Total Costs (Annual)
	<25,000	£135k-£348k	£20k-£30k	-----	£155k-£378k

Source: Scotia Gas Networks

**2 Extent to which implementation of the proposed modification would better facilitate the relevant objectives**

**Standard Special Condition A11.1 (a): *the coordinated, efficient and economic operation of the pipe-line system to which this licence relates;***

By increasing the range of supply points which can nominate to become Daily

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Metered:

- i) Increases the level of information available to transporters relating to locational daily gas flows on their network.
- ii) Enables a mechanism for validation of volume cessation at DME Large Firm Supply points in an emergency .

**Standard Special Condition A11.1 (b): *so far as is consistent with sub-paragraph (a), the (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters;***

Implementation would not be expected to better facilitate this relevant objective.

**Standard Special Condition A11.1 (c): *so far as is consistent with sub-paragraphs (a) and (b), the efficient discharge of the licensee's obligations under this licence;***

The Proposal reduces the number and volumes of NDM reconciliations enabling Transporters to bill in a more timely and accurate fashion.

**Standard Special Condition A11.1 (d): *so far as is consistent with sub-paragraphs (a) to (c) the securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers;***

The Proposal

- i) Extends the range of contracts available to customers e.g. day-ahead price;
- ii) Extends the market for demand side response;
- iii) Improves the economic case for AMR rollout and increases the likelihood for early roll-out of AMR equipment over and above statutory deadlines;
- iv) Reduces reconciliation risk for suppliers associated with the NDM regime;
- v) Has the potential to reduce carbon emissions through better Energy Management;
- vi) Provides an industry process in which AMR can operate, there are currently no defined processes.

**Standard Special Condition A11.1 (e): *so far as is consistent with sub-paragraphs (a) to (d), the provision of reasonable economic incentives for relevant suppliers to***



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*secure that the domestic customer supply security standards (within the meaning of paragraph 4 of standard condition 32A (Security of Supply – Domestic Customers) of the standard conditions of Gas Suppliers’ licences) are satisfied as respects the availability of gas to their domestic customers;*

Implementation would not be expected to better facilitate this relevant objective.

**Standard Special Condition A11.1 (f):** *so far as is consistent with sub-paragraphs (a) to (e), the promotion of efficiency in the implementation and administration of the network code and/or the uniform network code.*

Implementation would not be expected to better facilitate this relevant objective.

**3 The implications of implementing the Modification Proposal on security of supply, operation of the Total System and industry fragmentation**

No implications on security of supply, operation of the Total System or industry fragmentation have been identified.

**4 The implications for Transporters and each Transporter of implementing the Modification Proposal, including:**

**a) implications for operation of the System:**

xoserve are undertaking an assessment of system impacts and will report once the investigation is concluded.

**b) development and capital cost and operating cost implications:**

No development or capital costs would be incurred.

**c) extent to which it is appropriate to recover the costs, and proposal for the most appropriate way to recover the costs:**

System development costs and transactional charges are to be developed in line the current User Pays methodology being developed for Proposal UNC0213.

**d) Analysis of the consequences (if any) this proposal would have on price regulation:**

No consequence for price regulation has been identified.

**5 The consequence of implementing the Modification Proposal on the level of contractual risk of each Transporter under the Code as modified by the Modification Proposal**

No such consequence is anticipated.

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- 6 The high level indication of the areas of the UK Link System likely to be affected, together with the development implications and other implications for the UK Link Systems and related computer systems of each Transporter and Users**

xoserve to produce an impact assessment.

- 7 The implications of implementing the Modification Proposal for Users, including administrative and operational costs and level of contractual risk**

*Administrative and operational implications (including impact upon manual processes and procedures)*

No such implications have been identified.

*Development and capital cost and operating cost implications*

No such costs have been identified.

*Consequence for the level of contractual risk of Users*

No such consequence has been identified.

- 8 The implications of implementing the Modification Proposal for Terminal Operators, Consumers, Connected System Operators, Suppliers, producers and, any Non Code Party**

No such implications have been identified.

- 9 Consequences on the legislative and regulatory obligations and contractual relationships of each Transporter and each User and Non Code Party of implementing the Modification Proposal**

No such consequences have been identified.

- 10 Analysis of any advantages or disadvantages of implementation of the Modification Proposal**

**Advantages**

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**Disadvantages**

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**11 Summary of representations received (to the extent that the import of those representations are not reflected elsewhere in the Workgroup Report)**

No written representations have been received.

**12 The extent to which the implementation is required to enable each Transporter to facilitate compliance with safety or other legislation**

No such requirement has been identified.

**13 Any other matter the Workgroup considers needs to be addressed**

**14 Programme for works required as a consequence of implementing the Modification Proposal**

No programme for works has been identified.

**15 Proposed implementation timetable (including timetable for any necessary information systems changes)**

Implementation could be immediate on receipt of a decision.

**16 Implications of implementing this Modification Proposal upon existing Code Standards of Service**

No implications of implementing this Modification Proposal upon existing Code Standards of Service have been identified.

**17. Workgroup recommendation regarding implementation of this Modification Proposal**

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The Workgroup considers that the Proposal is sufficiently developed and should now proceed to the Consultation Phase. The Workgroup also recommends that the Panel requests the preparation of legal text for this Modification Proposal.

**18. Workgroup's comments on legal text**

**19. Text**

**Nature and Purpose of Proposal (including consequence of non implementation)**

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