

# UNC 0664:

Transfer of Sites with Low Read Submission  
Performance from Class 2 and 3 into Class 4



Proposer: John Welch

Panel Date: 16/08/2018

# Why change?



- As it stands, while read submission targets are laid out in UNC, there is little additional incentive for shippers to meet these targets.
- No incentive charging regime exists, and PAC currently has little leverage to incentivise meeting targets.
- The monitoring of daily read performance in particular has revealed the difficulties posed by this shortfall.
- This has highlighted the current inadequacies in the PAF framework: there is little to stop parties moving their portfolio into class 2 or 3, not submit reads, and benefit from reduced UIG (due to the difference in AUGE weighting factors).

# Options



- Continue to monitor and allow Xoserve to support – this has not been successful to date.
- Other modifications are a possibility, for example, a wider incentive charging modification, or a modification to improve the PAC process.
- However, modifications of that nature will take longer to develop, and in the meantime, the approach put forward in this mod could be more straightforward: offering one type of approach for read submission incentives for the industry.

# Solution



- The solution proposed here looks to link the lower UIG weighting factors currently proposed by AUGE for daily read products, and the requirement to achieve read submission targets.
- To ensure read submission is of a sufficient standard, it proposes that supply points in low performing portfolios (read submission) are moved into class 4 after a certain period to prevent UIG further share reduction.
- CDSP would step in and move supply points when this didn't take place.
- As a further incentive, a charge would be levied against the period when low read submission took place, to mitigate against the reduced UIG share (and to include an admin cost for the CDSP service).
- The modification needs to strike a balance between incentivising a high standard of read submission in these product classes, but not act as a disincentive to entry for shippers who are able to submit reads to the appropriate standard.

# Recommended Steps



- The Proposer recommends that this modification should be:
  - Not subject to self-governance because the changes proposed could have a material impact on processes and competition.
  - Workgroup assessment to develop the modification for 5 months.