

UNC Modification	At what stage is this document in the process?
<h1>UNC 0691:</h1> <h2>CDSP to convert Class 3 or 4 meter points to Class 1 when G1.6.15 criteria are met</h2>	<div style="display: flex; flex-direction: column; align-items: flex-start;"> <div style="border: 1px solid green; padding: 2px; margin-bottom: 5px; background-color: #00a651; color: white;">01 Modification</div> <div style="border: 1px solid blue; padding: 2px; margin-bottom: 5px; background-color: #e6f2ff;">02 Workgroup Report</div> <div style="border: 1px solid purple; padding: 2px; margin-bottom: 5px; background-color: #f2e6ff;">03 Draft Modification Report</div> <div style="border: 1px solid orange; padding: 2px; background-color: #fff9e6;">04 Final Modification Report</div> </div>
<p><b>Purpose of Modification:</b></p> <p>This Modification proposes that where the requirement for a Class 3 or 4 meter point to become Class 1 (number of calculations and number of months) has been met, and the Shipper has not taken steps to convert the site to Class 1 within a [1 month] grace period, that the CDSP would take steps to convert the meter point to Class 1.</p> <p>The Modification also proposes a new Performance Assurance report of sites where the CDSP has taken action, over the previous 12 months.</p>	
	<p>The Proposer recommends that this modification should be:</p> <ul style="list-style-type: none"> <li>subject to self-governance</li> <li>assessed by a Workgroup</li> </ul> <p>This modification will be presented by the Proposer to the Panel on <b>18 April 2019</b>. The Panel will consider the Proposer’s recommendation and determine the appropriate route.</p>
	<p>High Impact: None</p>
	<p>Medium Impact: Shippers, CDSP, DM Service Providers</p>
	<p>Low Impact: Gas Transporters, affected End Consumers</p>

Contents		?	Any questions?
1	Summary	3	Contact: Joint Office of Gas Transporters
2	Governance	3	
3	Why Change?	4	
4	Code Specific Matters	4	 <a href="mailto:enquiries@gasgovernance.co.uk">enquiries@gasgovernance.co.uk</a>
5	Solution	4	
6	Impacts & Other Considerations	4	 0121 288 2107
7	Relevant Objectives	5	Proposer: Kate Mulvany
8	Implementation	6	
9	Legal Text	6	 <a href="mailto:kate.mulvany@centrica.com">kate.mulvany@centrica.com</a>
10	Recommendations	6	 07789 572420
Timetable			Transporter: Scotia Gas Networks
<b>The Proposer recommends the following timetable:</b>			 <a href="mailto:Hilary.Chapman@sgn.co.uk">Hilary.Chapman@sgn.co.uk</a>
Initial consideration by Workgroup	29 April 2019		 07749 983418
Workgroup Report presented to Panel	15 August 2019		Systems Provider: Xoserve
Draft Modification Report issued for consultation	16 August 2019		 <a href="mailto:UKLink@xoserve.com">UKLink@xoserve.com</a>
Consultation Close-out for representations	06 September 2019		
Final Modification Report available for Panel	12 September 2019		
Modification Panel decision	19 September 2019		

## 1 Summary

### What

This Modification proposes that the CDSP is given an obligation to convert Class 3 and 4 meter points to Class 1, where they have met the Class 1 qualifying criteria but have not been actioned by the Shipper within a set time frame. The intention is to limit the time period when very large sites are subject to NDM Demand Estimation, as opposed to being Daily Metered.

It does not envisage a similar obligation for Class 2 meter points which have met the Class 1 criteria, on the basis that they are already daily metered.

### Why

The Unidentified Gas Task Force (as established by UNC Mod 0658) has determined that very large sites which are above the Class 1 threshold but remain as either Class 3 or Class 4 can contribute to daily UIG volatility. This is because their daily gas allocation will be determined using the Non-Daily Metered (NDM) Demand Estimation Algorithm rather than using their actual metered consumption.

Although any differences between allocated and actual consumption will be corrected by meter point reconciliation, these sites may have an irregular usage pattern and the NDM Algorithm may not be a good estimate of the actual consumption, with any difference being a component of UIG each day.

Based on the findings of the UIG Task Force, as at December 2018 just 12 sites were contributing 0.85% of national LDZ throughput to annualised UIG and up to 0.3% of national LDZ throughput to daily UIG volatility.

Measures to shorten the period between qualification and conversion to Class 1 would help to reduce daily UIG volatility.

### How

This Modification proposes that after the qualifying period for the requirement for a meter point to become Class 1 is met, where the meter point is currently Class 3 or 4, and where the Shipper has not taken steps to convert the meter point to Class 1 within a grace period of [1 month] that the CDSP would have an obligation to convert the meter point to Class 1 and advise the relevant Shipper of the changes.

This would include arranging for the installation of daily reading equipment, where this is not already in situ.

This Modification also seeks to introduce an additional report to Performance Assurance Committee (and a corresponding anonymised report) of the count and aggregate AQ of meter points where the CDSP is in the process or has completed work to convert to Class 1, over the previous 12 month period.

**Note:** a separate UNC Modification proposal will consider possible reduction of the qualifying period for Class 1, so that is out of the scope of this proposal.

## 2 Governance

### Justification for Self-Governance

This Modification is recommended for self-governance procedures, on the basis that it is a minor change to industry governance and seeks to improve take-up of Class 1, and thereby reduce UIG volatility.

This Modification does not seek to prescribe any change to end consumer billing arrangements, which are at the discretion of the Supplier. Meter points with an AQ above 732,000 kWh should already have a daily reading capability.

### Requested Next Steps

This modification should:

- be considered a non-material change and subject to self-governance
- be assessed by a Workgroup

## 3 Why Change?

The current arrangements do not provide sufficient incentive for meter points to be moved to a Class 1 service, once the qualifying criteria are met. If there is a delay, the meter point will be subject to NDM Allocation, based on a standard national profile, rather than being allocated energy based on its actual daily usage.

Based on the findings of the UIG Task Force, as at December 2018 just 12 sites were contributing 0.85% of national LDZ throughput to annualised UIG and up to 0.3% of national LDZ throughput to daily UIG volatility.

## 4 Code Specific Matters

### Reference Documents

UIG Task Force findings:

<https://www.xoserve.com/media/1492/321-inaccurate-or-out-of-date-aqs-non-daily-metered-euc09-sites.pdf>

### Knowledge/Skills

A knowledge of the daily reading process would be useful.

## 5 Solution

This Modification proposes that after the qualifying period for the requirement for a meter point to become Class 1 is met, where the meter point is currently Class 3 or 4, and where the Shipper has not taken steps (e.g. submitted a re-confirmation to Class 1) to convert the meter point to Class 1 within a grace period of [1 month] that the CDSP would have an obligation to convert the meter point to Class 1 and advise the relevant Shipper of the changes.

This would include arranging for the DM Service Provider to include the meter point in their daily reading files to the CDSP.

This Modification also seeks to introduce an additional report to Performance Assurance Committee (and a corresponding anonymised report) of the count and aggregate AQ of meter points where the CDSP is in the process or has completed work to convert to Class 1, over the previous 12 month period.

For the avoidance of doubt, this Modification does not propose to change the G1.6.15 rules as far as they relate to the Class 1 requirement, as that will be subject to a separate Modification proposal.

A change to the Data Services Contract may also be required, as well as a charging methodology. It is envisaged that the relevant Shipper would bear any specific CDSP costs of converting the meter point to Class 1, including any administration costs.

## 6 Impacts & Other Considerations

### Does this modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

None

#### Consumer Impacts

This Modification does not seek to prescribe any change to end consumer billing arrangements, which are at the discretion of the Supplier. Meter points with an AQ above 732,000 kWh should already have a daily reading capability.

#### Cross Code Impacts

A similar Modification may be required to IGT UNC. It is not anticipated a SPAA change would be required but we welcome feedback from the Suppliers or the CACoP.

#### EU Code Impacts

None

#### Central Systems Impacts

CDSP systems will need to be changed to identify sites which have met or are approaching the qualifying threshold and to produce the additional reports and notifications to Shippers. The CDSP will need to establish processes to undertake the conversion to Class 1, including liaising with providers of daily reading equipment, where that is not already fitted at the meter point. The CDSP may need to put commercial contracts in place for the procurement of daily reading services.

Depending on the outcome of UNC Modification 0647 (Opening Class 1 Reads to Competition), the CDSP may also need to liaise with DM Service Providers to set up the meter point as Class 1.

## 7 Relevant Objectives

Impact of the modification on the Relevant Objectives:	
Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	Positive
b) Coordinated, efficient and economic operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters.	Positive
c) Efficient discharge of the licensee's obligations.	None
d) 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.	Positive
e) Provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards... are satisfied as respects the availability of gas to their domestic customers.	None
f) Promotion of efficiency in the implementation and administration of the Code.	None
g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	None

Use of Class 1 instead of Class 3 and 4 would lead to greater accuracy of daily allocation, less UIG volatility and lower levels of subsequent meter point reconciliation.

## 8 Implementation

After a Modification Panel decision to implement, subject to no Appeal being raised, the CDSP would need to confirm the delivery timescales for the changes to processes and systems. A Change Proposal will also be required to determine the cost of changing the CDSP's systems and processes, including any reports for PAC.

## 9 Legal Text

### Text Commentary

Legal text to be provided.

## 10 Recommendations

### Proposer's Recommendation to Panel

Panel is asked to:

- Agree that self-governance procedures should apply
- Refer this proposal to a Workgroup for assessment.