

UNC Workgroup 0520 Minutes Performance Assurance Reporting

Tuesday 25 August 2015

Elxon, 350 Euston Road, London NW1 3AW

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Andrew Margan	(AMa)	British Gas
Andy Miller	(AMi)	Xoserve
Angela Love	(AL)	ScottishPower
Chris Warner	(CW)	National Grid Distribution
Colette Baldwin	(CB)	E.ON
David Mitchell	(DM)	Scotia Gas Networks
Ed Hunter	(EH)	RWE npower
Jonathan Kiddle	(JK)	EDF Energy
Leigh Chapman*	(LC)	First Utility
Lorna Lewin	(LL)	DONG Energy
Mark Jones	(MJ)	SSE
Matt Jackson*	(MJa)	British Gas
Rachel Hinsley	(RH)	Xoserve
Richard Pomroy	(RP)	Wales & West Utilities

**via teleconference*

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0520/250815>

The Workgroup Report is due to be presented at the UNC Modification Panel by **17 September 2015**.

1.0 Review of Minutes and Action

1.1. Minutes (14 July 2015)

The minutes of the previous meeting were approved.

1.2. Action

0520 0303: British Gas (AMa) to invite one of his Settlement colleagues to the next Workgroup meeting to provide a view as to why these reports are required.

Update: MJa in attendance (via teleconference). **Closed**

2.0 Development of Workgroup Report

The Workgroup considered the papers provided.

2.1. Guidelines document - Performance Assurance Reporting Template Guidance Document

AMa presented an overview of the background to the draft document, and outlined the reports contained within, summarising the sources and benefits. Each individual report was then considered and discussed in greater detail.

Governance of this document

AMa explained because of the sensitivities associated with these reports, how the document should be modified had been looked at more closely, and AMa believed that any revisions to this document should be made through the raising of a modification. This may have implications in respect of UNC TPD V12 and J, which it was suggested RP check on as the legal text might be affected by this approach to governance - was there a precedent for this? This was briefly discussed. Revisions to Guidance documents were not usually made through the UNC Modification process as approval was sought at UNCC or Modification Panel as appropriate. Perceptions/expectations may be affected by the current title of the document, and it was suggested that consideration be given to renaming it as something other than a Guidance document, for example 'Performance Assurance Reports Register'.

Report 1.1 Estimated Reads used for Gas Allocation

MJa explained the purpose of this report, and a discussion ensued. CB observed that the accuracy of the estimated read was the important point and affects the level of risk. This is the issue, not variance to reconciliation. MJa noted the report does not attempt to measure deviance from actual consumption; it could look at the total number of estimates used and if that looked like a high number then further analysis could be done. It was questioned how can a site be identified as requiring further investigation, where the risks lie, and where performance actions needed to be taken. Counting the number of estimated reads will not indicate if there is a problem. AL referred to consecutive estimates, and the effect on reconciliation/timings.

AMa referred to the Engage report; estimated reads were a risk, and the need to identify volume/increase over time which could indicate the need for further work. This report was to be seen as a starting point, as an indicator to whether further analysis or reporting was required. CB believed the number of estimates told nothing and does not help to target any issue; if the estimate falls in line with actual consumption there is no risk/problem. MJa observed that if the proportion of estimated reads (Class 1 and 2) was significant, then the risk to Settlement could be significant across the population of Class 1 and 2.

CB believed the report needed to contribute to a mechanism to set a performance target - it needed another layer of information to provide the data to trigger any action. AMa reiterated it should be seen as a starting point to trigger further investigation. AL referred back to the Engage recommendations and could see the cash flow impact. BF noted it would enable comparison between the different Classes, i.e. Transporter provided to meter reader provided. AMi added that the ability to identify numbers of estimated reads in Class 1 already existed, and drew attention to the information presented to this Workgroup at its meeting on 21 April 2015 (published at www.gasgovernance.co.uk/0520/210415).

Report 1.2 Potentially Incorrect Correction Factors (CFs)

MJa explained the purpose of this report, and a discussion ensued. CB believed this information was already provided in the monthly performance packs; how does it give a measure of Settlement risk? MJa responded that inclusion in the modification is a way of recognising and formalising this. CB explained what was currently included in the monthly performance packs, adding that she could understand wanting to identify CFs set at zero. Others would only be a suggestion of what might be reviewed - they could actually be right and numbers +/- may not actually mean anything. AMa observed it offers comparison with other parties' performance. JK noted it was just a count and not a percentage, so is not necessarily helpful. AMi pointed out that Xoserve had previously offered to provide a similar report, but this had not been well received by the industry and so had not been pursued as part of the Data Cleansing workshop. Going forward CFs will not be at zero; the new standard comes in with Nexus requirements. CB added it may be just making a 'judgment call' as to whether a CF is correct/incorrect, and it may not

necessarily be incorrect. AMa saw it as an improvement on the current arrangements. AMi indicated that Xoserve can report against this data but it may potentially drive wrong behaviours; parties should have a dedicated CF - it is a valid aspect to look at, but the method might need some refinement. AMi agreed with AMa's point that until such a report is run, it will not be known if there is an issue that requires addressing.

AMi suggested changing the title of this report to "Standard Correction Factors (CFs) applied to Sites above 732,000kWh" - this would alter perceptions and then deeper investigations could be performed if necessary, depending on what results show. AMa noted this suggestion for consideration.

Counting and the use of percentages (value) were briefly discussed; it was believed and MPRN level count was better.

Report 1.3 No Asset (Meter) Attached

MJa explained the purpose of this report, and a discussion ensued. This was one of the larger risks identified by Engage. CB asked how this fitted with the work done by the Shipperless and Unregistered Sites working group, and described some scenarios being addressed - was this duplication of effort? It was noted there can be a 'natural' time-lag which leads to a meter asset not showing as attached at a certain point in the process. MJa observed that without running a report it will not necessarily be known if a problem existed that required addressing; this was aimed at providing visibility, not setting targets. Various scenarios were discussed, and references were made to UNC Modifications 0410A, 0425, 0429 and 0455.

CB commented that unless it could be identified that energy was being used this may not tell anything. AMi observed that everything in this report was in a Live confirmation, and explained the asset attachment process. The Unregistered process can pick up on sites where no meter is attached and yet reads are being sent in to Xoserve. CB thought this should be reported on as it was definitely a Settlement risk and would be of great value to the industry. It was suggested '...and reads flowing' could be added. CB reiterated the need to identify the particular scenarios where there was Settlement risk, whilst recognising that some business activities will have acceptable 'no meter asset attached' scenarios. Such reports would influence Shippers to review their system set ups to reduce any possibility of their incorrectly billing customers.

AMa noted the suggestions to add '...and reads being submitted/received ...' and to look at excluding certain scenarios from the report (e.g. new sites/installations) for consideration.

The effects of iGT changes on existing processes and Nexus were discussed. AMi explained the current process and when charges were incurred.

As a general comment, CB reiterated her view that the reports need to add some value to the industry paying for them - 'counting' might not be sufficient demonstration. As drafted these reports do not really seem to be addressing performance problems or driving solutions for improvement. BF noted that the PAC could ask for differently constructed reports without a UNC Modification effecting a change. Noting this, AL indicated she would reappraise Modification 0506 to see if there would be any impacts, although the view was that this was acceptable if the reports were confined to PAC members.

AMi then observed that the Workgroup could have everything (without Shipper Short Codes) to see if a modification needed to be raised - it could help to determine the scope/scale of the issue. Xoserve could provide the report, with a commentary to draw attention to any perceived issue, at relatively low cost without the need for a modification. AMa accepted AMi's offer to provide the report.

Action 0520 0801: *Report 1.3 No Asset (Meter) attached - Xoserve to provide a basic report with appropriate commentary highlighting any issues for the Workgroup to review.*

Report 1.4 Shipper Transfer Read Performance

MJa explained the purpose of this report. AMi confirmed that Xoserve produced this report (including Shipper identities) which is submitted to Ofgem, and offered to provide an anonymised copy to the next meeting for the Workgroup to review.

Action 0520 0802: Report 1.4 Shipper Transfer Read Performance - Xoserve to provide an anonymised copy to the next meeting for the Workgroup to review.

Report 1.5 Read Submission Performance Target Monitoring

MJa explained the purpose of this report, which was to record Shipper compliance with UNC TPD Section M obligations. MJa believed it would be important to monitor this post Nexus because all parties' systems would have undergone significant changes and systems may not be working as well as expected.

Report 1.6 Meter Reading Validity Monitoring

MJa explained the purpose of this report, drawing attention to the table that outlined the information to be captured. A discussion ensued.

AL questioned what 'missing reads' meant. MJa explained how this pertained to Class 3 in particular, and AMi provided more detail; JK believed there may be more benefit to a party by not being in the right Class in the future. This report was trying to identify inappropriate use of Class 3. The effect on Settlement and energy allocation was difficult to understand in the current process. Workgroup participants failed to see the benefit in this or identify any Settlement risk. It was suggested that this column be removed from the report.

Drawing attention to the statement attached to the asterisk (*in column 1) at the foot of the proposed report, CB suggested that it would be prudent if the full definition were to be set out here rather than relying on 'etc' to remain meaningful to future readers, (especially if reliance is being placed on raising a modification to make any changes to these reports).

Report 1.7 Rolling AQ Calculation Monitoring

MJa explained the purpose of this report, and a discussion ensued. It was noted that it was a function of the system that it calculates this on the submission of a meter reading; depending on the history of data up to that point it may or may not generate an AQ. MJa outlined some scenarios and expectations, and what might inform whether further action may be required, either by the industry or individual Shipper. It was looking to ensure a good number of AQs were recalculated every month. Attention was directed to the report format. CB observed that companies employ different business strategies so different profiles may be identified across months/year.

If AQs were not updated regularly there was a risk to initial allocation becoming more inaccurate over time and to transportation allocation. It was noted there might be a cash flow risk.

It was observed that rolling AQs could be updated every month but may not be expected to be. Was this trying to monitor instances where there was non-submission of meter readings, and the AQ was never refreshed? Various scenarios and potential outcomes were discussed. The report was trying to provide reassurance that expectations were being met.

It was suggested this report be reviewed, to report on AQs that have not been recalculated over a period, by read product and frequency. JK suggested considering three reports - meter reading submission target; those with accepted reads and how successful these were in having AQs recalculated; and those with 'out of date' AQs, i.e. how many not being recalculated over one or two years.

Report 1.8 Reconciliation Performance Target Monitoring

MJa explained the purpose of this report, observing that the same principle had been applied to this report as to Report 1.7, and indicated that this report will also be reviewed. Cumulative AQ will be added to this report. CB noted there might be concerns regarding portfolio sensitivities in relation to this report. AMa and MJa noted this for consideration.

Report 1.9 Meter Reading Process Healthcheck

MJa explained the purpose of this report, observing that it only reports by Product class and not Shipper.

The categories listed were reviewed and discussed. CB thought that the AQ Correction process could only be used in certain circumstances. CW reiterated the limited circumstances in which it could be applied.

It was suggested more clarity was required in respect of the reasons for Readings Rejected, e.g. outside of tolerance, or for any reason? Should this be split out?

There were no expectations on target; would a trend be expected to develop over time?

General

It was observed that if there were any major concerns about even one of these reports, this could lead to a rejection of the modification. RP suggested that any appropriate questions could be recommended to UNC Modification Panel for inclusion in the Consultation.

For all the reports it was suggested that what each report was trying to do should be more clearly identified and whether it would identify any consequence/impact to the market. It might also include an expected interpretation and an indication of how it might improve the current position.

Action 0520 0803a: *Guidelines document - Performance Assurance Reporting Template Guidance Document - AMa to rename the document.*

Action 0520 0803b: *Guidelines document - Performance Assurance Reporting Template Guidance Document - AMa and MJa to review the reports and expand as appropriate.*

2.2. Amended Modification

AMa drew attention to the proposed changes to the modification, specifically Section 3 Solution - Business Rules and User Pays; these were reviewed.

A cost estimate is to be provided in due course.

AL asked if the modification should include any details of the 'where/when' of publication, etc.

CB commented that the table in the current version of the modification does correlate with the information provided in the draft Guidance document and AL suggested that, as it was no longer relevant, it could be removed.

BF suggested that the final version of the draft document be appended to the modification so that it is clear that this is the version to be empowered by the modification.

2.3. Consideration of Legal Text

Wales & West Utilities was formally requested by the August UNC Modification Panel to provide the legal text.

Referring to the governance of the reports, RP requested that the Proposer make it clear if it is not to be included in UNC TPD V12, so that the legal text can be appropriately aligned. AMa will confirm the governance approach.

3.0 Next Steps

Noting that the Workgroup Report is due for submission to the September UNC Modification Panel, BF summarised that at the next meeting the intention will be to:

- review the draft reports guidance document/register
- review the amended modification
- review the legal text
- complete the Workgroup Report.

4.0 Diary Planning

Further details of planned meetings are available at: www.gasgovernance.co.uk/Diary

Workgroup meetings are scheduled to take place as follows:

Time/Date	Venue	Workgroup Programme
10:30, Wednesday 09 September 2015	31 Homer Road, Solihull B91 3LT	<ul style="list-style-type: none"> • Review the draft reports guidance document/register • Review the amended modification • Review the legal text • Complete the Workgroup Report.
10:30, Thursday 01 October 2015	Room LG8, Energy UK, Charles House, 5-11 Regent Street, London SW1Y 4LR	<p><i>The Workgroup Report is due for submission to the UNC Modification Panel on 17 September 2015.</i></p> <p><i>If an extension to the reporting date is requested/approved, then this will be the next meeting date.</i></p>

Action Table (25 August 2015)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0520 0303	24/03/15	2.3	To invite one of his Settlement colleagues to the next Workgroup meeting to provide a view as to why these reports are required.	British Gas (AMa)	Closed

Action Table (25 August 2015)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0520 0801	25/08/15	2.1	<i>Report 1.3 No Asset (Meter) attached</i> - Xoserve to provide a basic report with appropriate commentary highlighting any issues for the Workgroup to review.	Xoserve (AMi)	Pending
0520 0802	25/08/15	2.1	<i>Report 1.4 Shipper Transfer Read Performance</i> - Xoserve to provide an anonymised copy to the next meeting for the Workgroup to review.	Xoserve (AMi)	Pending
0520 0803a	25/08/15	2.1	<i>Guidelines document - Performance Assurance Reporting Template Guidance Document</i> - AMa to rename the document.	British Gas (AMa)	Pending
0520 0803b	25/08/15	2.1	<i>Guidelines document - Performance Assurance Reporting Template Guidance Document</i> - AMa and MJa to review the reports and expand as appropriate.	British Gas (AMa and MJa)	Pending