

## UNC Workgroup 0564R Minutes Review of Annual Read Meter Reading requirements

**Tuesday 22 December 2015**

**Energy Networks Association, 52 Horseferry Road, London SW1P 2AF**

### Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Andrew Margan*	(AM)	British Gas
Andy Clasper	(AC)	National Grid Distribution
Angela Love*	(AL)	ScottishPower
Anne Jackson	(AJ)	SSE
Chris Warner	(CW)	National Grid Distribution
Colette Baldwin*	(CB)	E.ON UK
David Addison*	(DA)	Xoserve
David Mitchell	(DM)	Scotia Gas Networks
Fraser Mathieson	(FM)	Scotia Gas Networks
Hilary Chapman	(HC)	Xoserve
Jon Dixon*	(JD)	Ofgem
Kirandeep Samra	(KS)	RWE npower
Kirsten Elliott-Smith	(KES)	Cornwall Energy
Lorna Lewin	(LL)	DONG Energy
Richard Pomroy	(RP)	Wales & West Utilities
Steve Mulinganie*	(SM)	Gazprom
Sue Hilbourne	(SH)	Scotia Gas Networks

\* via teleconference

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0564/221215>

The Workgroup Report is due to be presented at the UNC Modification Panel by 17 March 2016.

### 1.0 Introduction and Status Review

#### 1.1. Approval of Minutes (26 November 2015)

The minutes of the previous meeting were approved.

### 2.0 Provision of meter read performance information

Referring to Action 1101 (Xoserve to provide a market level summary of current meter read performance), HC reported that Xoserve had reviewed what could be provided and what was reported through various performance packs. A period covering the last 3 years had been assessed (on a national basis) and typically 95% of annual reads are received within the prescribed period. CW suggested that on that basis changing existing read frequencies (annually read, 70% of Smaller Supply Points (SSPs) over one year, 90% of Larger Supply Points (LSPs) over one year) to a 95% minimum, should not cause any great difficulties. He noted that this was not as far as the proposed 100% in Modification 0570 and the Proposer may want to consider this in the modification.

AL and AJ questioned the range, observing that it was an average and could conceal both poor and outstanding performers within that figure. There should also be a sensible reason provided that justified the change in percentage (to whatever figure was agreed), there was very little logic to applying what the industry was achieving on average under the current rules when a new regime was due to start in October 2016.

It was suggested that details of the spread or range of figures that made up the 95% average should be made available to assess the extent of any outliers, and to assess if increasing to an optimum (95% or a different figure) was more appropriate. The current target is 70% and 90% for SSP/LSP respectively and the current average is 95% - there may be benefits in setting higher or lower percentages.

AJ pointed out the need to understand the cost levels that could be associated with each % increase in performance. Reference was made to the Engage model. CB observed that the treatment of meter readings needed to be considered, alongside the new validation rules being implemented with project Nexus, to recognise the effects; this may be challenging until it seen how the market copes with this, post Nexus; an arbitrary number set against current rules may not be appropriate. Supplier Licence conditions were briefly explained by AJ, noting that there were separate issues associated with these, and not covered under this forum as safety inspections may not result in a meter read being provided or within a suitable timeframe.

SM referred to the Performance Assurance Framework and what might be delivered/covered (reporting) under that; he was concerned that this was cutting across and duplicating their role in establishing suitable targets and incentives. CW believed that that the Performance Assurance Administrator might take some time to set up, and that the Competition and Markets Authority (CMA) review was a stronger driver to initiate action in regard to increasing the meter reading performance. SM noted that the industry already appears to be achieving a good percentage, over and above what is in the contracts and AJ commented that the CMA report is targeted at Supplier billing and not settlement performance. KS evinced concerns regarding any 'less successful' performers and the potential costs to these parties to reach a higher standard than that currently set. AM believed it to be helpful to have a marker, but further analysis was required to understand the breadth of range that fed into the 95% average, and to assess cost/benefit to uplifting the current figures. It would also be helpful to try and assess what impact that might be post Nexus; would a drop in performance be the natural expectation? AJ noted that regimes were changing, e.g. inspections, and this may have an impact in the future.

CW reiterated the purpose was to set out a national goal in the UNC; increased meter reading frequency supports improvements in Settlement, but while it would be helpful to understand the optimum point, beyond which there was little if any benefit, the immediate objective was for simplicity in achieving an early increase in the values which had not changed since the Network Code was created. AL suggested there might be merit in looking at the Engage model as a way of defining the risk to further understand what could be achieved by setting appropriate targets.

**Action 1201: *Annual Meter Read Performance* - Xoserve to identify the range of the market performers (LSPs and SSPs) and provide anonymised details of the spread, including any outliers, for review.**

### 3.0 Current Read Performance

It was accepted that the current figures were out of date, but some parties suggested that justification was required to support any figure eventually selected that it was deemed more appropriate for the market to reach in order to achieve increased accuracy in billing and settlement at a sensible cost.

Reference was made to the manipulation of AQs. CW noted that this was beyond the scope of the review but would very likely be a significant area of scrutiny for Performance Assurance. JD observed that it was important to make sure that rules were sufficiently rigorous post Nexus and that sites were reconciled before reaching the 'line in the sand'. Of particular concern was the risk of poor performers 'freeloading' on good performers. The Performance Assurance Committee would analyse data after a year to establish appropriate targets.

#### 4.0 Must Read Process

CW gave a short presentation on 'must read' provisions as currently reflected in UNC TPD Section M, regarding Transporter and User obligations and remedies in the event of failure by the User to obtain readings.

Reference was also made to Engage's Risk Assessment for Performance Assurance, which highlighted a Shipper performance risk in respect of annual read sites. There is currently no penalty in operation where either a Transporter or a Shipper fails to obtain a read within the appropriate timescale.

A table was displayed, illustrating the 'failure to obtain a reading' figures (across a number of years) for sites in National Grid Distribution networks. The possible reasons for failure were discussed; all probably needed some sort of investigation. Observing that annual 'must reads' have never been done by a Transporter before, CW suggested that a limited trial exercise with a properly planned approach could be carried out to start investigations. The intention would be to look backwards from 30/09/2012 as these sites were last read prior to the 'line in the sand' reconciliation close out. The results/learning points could be fed back into Performance Assurance. Shippers would be given advance notice of the intention to investigate a site(s) so that they could attempt to read prior to the Transporter. It was noted that the Data Cleansing exercise currently being undertaken for Project Nexus might also reduce the figures.

**Action 1202: Annual Must Reads Transporter trial exercise - CW to develop a plan/approach to initiate 'must reads' from 30/09/2012 backwards (for eligible Supply Meters within National Grid Distribution networks).**

#### 5.0 Performance targets

##### 5.1. Dumb meters

Not discussed.

##### 5.2. Smart meters

Not discussed.

#### 6.0 Review of Outstanding Action

**1101:** Xoserve to provide a market level summary of current meter read performance.

**Update:** See 2.0, above. **Closed**

## 7.0 Any Other Business

### 7.1 Consideration of Modification 0570 - Obligation on Shippers to provide at least one valid meter reading per meter point into settlement once per annum

BF explained that the December 2015 UNC Modification Panel had asked that Workgroup 0564R take into account in its discussions the recently raised Modification 0570. The Panel had deferred further consideration of Modification 0570 to its meeting on 17 March 2016. BF suggested that AL (as Proposer) bring forward to the next Workgroup 0564R meeting any pertinent items for consideration in relation to Modification 0570.

## 8.0 Next Steps

BF summarised the next steps. It was anticipated the Workgroup would:

- Review the output from Actions 1201 and 1202, with a view to making an assessment of requirements; and
- Consider Modification 0570.

The Workgroup was reminded that all meeting papers should be provided to the Joint Office at least 5 days in advance of each meeting so that intending participants have sufficient opportunity to review. For the next meeting papers should be provided by 20 January 2016.

## 9.0 Diary Planning

Further details of planned meetings are available at: [www.gasgovernance.co.uk/Diary](http://www.gasgovernance.co.uk/Diary)

Workgroup meetings will take place as follows:

Time / Date	Venue	Workgroup Programme
Thursday 28 January 2016	31 Homer Road, Solihull B91 3LT	<ul style="list-style-type: none"> <li>• Provision and assessment of further analysis of meter read performance information</li> <li>• Annual Must Reads Transporter trial exercise - draft plan/approach for review</li> <li>• Consideration of Modification 0570.</li> </ul>
Thursday 25 February 2016	Energy UK, Charles House, 5-11 Regent Street, London SW1Y 4LR	<ul style="list-style-type: none"> <li>• Consider Workgroup Report</li> </ul>

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**Action Table (22 December 2015)**

<b>Action Ref</b>	<b>Meeting Date</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Owner</b>	<b>Status Update</b>
<b>1101</b>	26/11/15	1.0	Xoserve to provide a market level summary of current meter read performance.	Xoserve (DA)	<b>Closed</b>
<b>1201</b>	22/12/15	2.0	<i>Annual Meter Read Performance</i> - Xoserve to identify the range of the market performers (LSPs and SSPs) and provide anonymised details of the spread, including any outliers, for review.	Xoserve (HC)	<i>Due at 28 Jan 2016 meeting</i> <b>Pending</b>
<b>1202</b>	22/12/15	4.0	<i>Annual Must Reads Transporter trial exercise</i> - CW to develop a plan/approach to initiate 'must reads' from 30/09/2012 backwards (for eligible Supply Meters within National Grid Distribution networks).	National Grid Distribution (CW)	<i>Due at 28 Jan 2016 meeting</i> <b>Pending</b>