

## Stage 01: Modification

# 0466A:

## Daily Meter Reading Simplification with improved within day data provision.

At what stage is this document in the process?



It is proposed that that the provisions of UNC TPD Section M4 be modified to reflect a number of changes to the requirements incumbent on Transporters to procure and process Daily Meter Readings.



- The Proposer recommends that this modification should be assessed by a workgroup



Medium Impact:  
Shippers and Consumers

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## About this document:

This alternate modification will be presented by the proposer to the panel on 17th July 2014.

The panel will consider the proposer's recommendation and agree whether this modification should be:

- subject to self-governance
- referred to a workgroup for assessment.



Any questions?

Contact:  
Code Administrator



[enquiries@gasgovernance.co.uk](mailto:enquiries@gasgovernance.co.uk)



0121 288 2107

Proposer:  
Rob Johnson



[robin.johnson@wingas-uk.com](mailto:robin.johnson@wingas-uk.com)



telephone:  
020 8439 9686

Transporter:  
National Grid Gas  
Distribution

Systems Provider:  
Xoserve



[commercial.enquiries@xoserve.com](mailto:commercial.enquiries@xoserve.com)



telephone

Proposer's  
Representative:  
Gareth Evans



email address.  
[gareth@waterswye.co.uk](mailto:gareth@waterswye.co.uk)



telephone:  
01473 822503

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# 1 Summary

## Is this a Self-Governance Modification?

The Proposer considers Self-Governance is not appropriate for UNC modification 0466A as the modification may have a material impact on competition.

## Why Change?

The UNC identifies the terms under which Supply Meter Points are required to be Daily Read1. The UNC further sets out the Transporters obligations for installing and maintaining Daily Read Equipment and procuring Daily Reads for provision to Users2.

The majority of Non-Daily Metered (NDM) Supply Meter Points registered on the Supply Point Register are subject to so called 'unbundled' Meter Reading arrangements. This means that for the purposes of UNC, Users are obliged to obtain Meter Readings at predetermined intervals and provide these to the relevant Transporter. This can be distinguished from 'bundled' arrangements which apply to Daily Metered (DM) Supply Points which reflect that the Transporter is obliged to obtain Meter Readings and subsequently provide these to the User. Under a bundled regime, choice in Meter Reading services is not available. The User is required to use the services of the relevant Transporter and pay charges as appropriate. Similarly, as the sole provider of read services, the Transporter is incentivised financially to meet required performance standards.

WINGAS UK agrees with National Grid Distribution (NGD) who believes the current UNC DM regime, which is largely unchanged from the implementation of the Transco Network Code in 1996 to be outdated and no longer 'fit for purpose'. WINGAS UK also shares NGD's opinion is that the present provisions are unduly restrictive and inconsistent with the need for Transporters to provide an efficient and cost effective service to Users and consumers. WINGAS is also of the opinion that the method used for transmitting within day data from DM loggers to shippers is particularly outmoded and is in need of improvement.

Consequently modification of the UNC is required to reflect present day and anticipated future requirements.

## Solution

Modification of the UNC is proposed to facilitate the 'simplification' of Daily Meter Reading procurement and provision by the Transporter as set out in Section 3 below

## Relevant Objectives

This modification would enable Transporters to provide a significantly more efficient and cost effective Meter Reading service for DM Supply Points subjected to the Daily Read Requirement. It also would grant more robust access to within day data for shippers and subsequently users which would allow for improved monitoring of end users' usage.

The range of measures in this modification can therefore be expected to facilitate GT Licence relevant objective (c) Efficient discharge of the licensee's obligations, (f) the promotion of efficiency in the implementation and administration of the Code.

## Implementation

No implementation date has been proposed. Any implementation timetable would be contingent on system and process development timescales and would be subject to scrutiny by the UNC Committee.

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## 2 Why Change?

Meter Reading arrangements for the vast majority of Supply Meter Points under the UNC are 'unbundled'. This means that Users (Shippers) are able to appoint their Meter Reading agent of choice and provide Meter Readings to the Transporter in accordance with pre-determined frequencies as set out in the UNC. However, at present choice is not available to Users in provision of a Daily Read service with respect to 'mandatory' and 'voluntary' DM Supply Meter Points (including those subject to the Daily Read Requirement set out in TPD Section G1.5). Consequently the UNC features extensive obligations on Transporters to provide a 'bundled' Meter Reading service and therefore the costs incurred by Transporters in respect of obtaining such and the charges levied to Users cannot be avoided.

The current regime is virtually unchanged since inception of the Transco Network Code in 1996. The framework was designed around an original DM 'mandatory threshold' >75,000 TPA and encompassed approximately 25,000 Supply Meter Points nationally.

The existing population of DM Supply Points is sub divided into mandatory read (DMM) and voluntarily read (DMV) categories. DMV Supply Points will cease to exist from 1st October 2015.

Given recent developments in Meter Reading automated technologies and advances in communications infrastructure together with changes in the Transporters daily read data requirements, WINGAS UK and NGD believe that it is timely that the 'bundled' activities, being those arrangements reflecting that the Transporter is the sole Meter Reading provider, should be revisited and amended to reflect present day and anticipated future requirements.

The overall population of DMM and DMV Supply Meter Points has and continues to decline significantly. The following statistics are relevant;

- Interruption reform – for NGD the population has reduced to 4 DM Supply Points in two networks, reducing further to one (NW) network for the 2013 interruption auction.
- The current NGD population consists of 694 DM Supply Meter Points.
- DMV is due to be eliminated (under UNC Modifications 0345 and 04413) by 1st October 2015 enabling a further reduction to 190 DM Supply Meter Points.
- The implementation of Modification 04284 (as part of Project Nexus) is expected to further reduce the number of DMM Supply Meter Points.

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The importance of daily data and within day data availability for Transportation purposes has admittedly reduced but still remains of critical importance to Shippers for them to remain in accordance with their licence conditions. Currently the within day data is transmitted every four hours via email and as such cannot be considered to be a robust solution.

NGD and WINGAS believe that it is essential that the present outdated UNC provisions are simplified to maintain sustainable, 'fit for purpose' arrangements for the remaining population of DMM and DMV Supply Meter Points which:

- Reduces costs for consumers.
- Addresses present cost constraints.
- Facilitates an opportunity for Transporters and Users to tailor future services.
- Is consistent with the proposed UNC regime under the Project Nexus programme.
- Ensures that all market participants can continue to fulfil their licence obligations in an improved manner.

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## 3 Solution

Modification of the UNC is required to facilitate the 'simplification' of Daily Reading procurement and provision. This requires the following measures:

- Relaxation of the Transporters obligations to obtain Daily Meter Readings and provide these to Users from 11:00 am on D+1 to 12:00 pm on D+1. Also the provision would be subject to a 'reasonable endeavours' test.
- Amendment to the 'Performance Relevant' standards of service (liabilities) associated with Daily Read provision as follows:
  - D+1 liability to apply to 14:00 ("liability cut-off time") on D+1.
  - D+1 Liability charge to reduce from £30 to £3.
  - Remove the 97.5% performance standard in its entirety - that is, all failed reads will receive compensation.

### **Periods of Outage**

A "Period of Outage" is recorded against a device when reads are not submitted to the user for a period of 4 consecutive days in a calendar month.

Where a Period of Outage occurs, the transporter will make the appropriate daily payment, by reference to the Level of Liability applicable for the month in which the Period of Outage occurred.

The payment will be made for each day, starting on the 5th day of failure, until a read is successfully submitted to the shipper by the liability cut-off time.

The liability payment associated with Periods of Outage will be a variable amount based on a transporters performance and will incentivise transporters to keep Periods of Outage to a minimum.

The "Period of Outage Failure Rate" ("POFR") for a transporter in any month will be calculated as follows:

$$\text{POFR} = ( X / Y ) * 100$$

- X = number of devices that have had one or more Periods of Outage in that month.
- Y = number of devices that are installed on the last day of a month and that have successfully submitted at least one read to the user in that month.

There will be four Levels of Liability associated with the Period of Outage standard.

- Level 4 = £75 (represents the current and initial value that will be applied in respect of this standard);
- Level 3 = £50 (represents the maximum value that can be incurred in respect of this standard, once this level has been attained);
- Level 2 = £30;
- Level 1 = £10 (which represents the minimum value that can be incurred in respect of this standard).
- If the POFR is 2.5% or less for 3 consecutive months, then in subsequent months the liability payment will reduce by a level. If the POFR is greater than 2.5% in any month, then the liability payment applied in the subsequent months will increase by a level.
- Transporters will be required to make available "within day" data to users [when requested](#) so that this information can be provided by a more robust method than the current method of sending data by email – it is proposed

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that the existing IX file transfer process currently used for the majority of information exchanges within the industry is ideally placed for this.

The transporters are free to make provision of within day data a chargeable service.

User Pays
Classification of the modification as User Pays, or not, and the justification for such classification.
It is possible that as this alternative modification requires additional facility for the IX to carry additional files then it is possible that this could be classified as a User Pays modification – the proposer would welcome clarity from Xoserve on this matter.
Identification of Users of the service, the proposed split of the recovery between Gas Transporters and Users for User Pays costs and the justification for such view.
<i>Unknown at present</i>
Proposed charge(s) for application of User Pays charges to Shippers.
<i>Unknown at present</i>
Proposed charge for inclusion in the Agency Charging Statement (ACS) – to be completed upon receipt of a cost estimate from Xoserve.
<i>To be completed before a modification is issued to consultation</i>

## 4 Relevant Objectives

Impact of the modification on the Relevant Objectives:

Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	None
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.	None
c) Efficient discharge of the licensee's obligations.	Positive
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.	None
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.	Positive
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

This Modification Proposal would enable Transporters to provide a more efficient and cost effective Meter Reading service for Daily Metered Supply Points subjected to the Daily Read Requirement. The range of measures in this Proposal can therefore be expected to facilitate the promotion of efficiency in the implementation and administration of the Code.

It would also facility improved provision of within day data to shippers and subsequently the end user which would allow improved discharge of the shippers' licence conditions.

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## 5 Implementation

No implementation date has been proposed. Any implementation timetable would be contingent on any system and process development timescales and would be subject to scrutiny by the UNC Committee.

## 6 Legal Text

Legal text will be produced once development and assessment of this Modification Proposal has been completed.

## 7 Recommendation

The Proposer invites the Panel to progress to Workgroup assessment.

The Proposer invites the Panel to:

- Determine that this modification should not be subject to self-governance; and
- Progress to Workgroup assessment.