












Stage 02: Request Workgroup Report		At what stage is this document in the process?
<h1>0564R:</h1> <h2>Review of Annual Read Meter Reading requirements</h2>		<div>01 Request</div> <div>02 Workgroup Report</div>
<p>A review of the existing UNC obligations concerning the 'cyclic' reading of Annual Read Meters is necessary. This includes the procurement by Transporters of 'must reads' in the event such Meters are not read.</p>		
	The Workgroup recommends further assessment and the reporting date extended to the July Panel.	
	High Impact: None	
	Medium Impact: Shipper Users and Distribution Network Operators (DNOs)	
	Low Impact: None	

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<b>About this document:</b> <p>This interim report will be presented to the panel on 17 March 2016.</p> <p>The panel will consider the recommendations in this report and whether further assessment is needed.</p>		<div>  Contact:  <b>Code Administrator</b> </div> <div>  enquiries  <a href="mailto:@gasgovernance.co.uk">@gasgovernance.co.uk</a> </div> <div>  0121 288  2107 </div> <div> Proposer:  <b>Chris Warner</b> </div> <div>  <a href="mailto:chris.warner@nationalgrid.com">chris.warner@nationalgrid.com</a> </div> <div>  07778  150668 </div> <div> Transporter:  <b>National Grid Distribution</b> </div> <div> Systems Provider:  <b>Xoserve</b> </div> <div>  <a href="mailto:commercial.enquiries@xoserve.com">commercial.enquiries@xoserve.com</a> </div>

## 1 Request Summary

### Why is the Request being made?

The provisions of UNC TPD Section M5.9 and M5.10 (Modification 0432 drafting) in the context of Annual Read Meters have not been subject to review for many years. In the light of the forthcoming Performance Assurance framework and increasing industry scrutiny of the accuracy of key gas settlement data being the Annual Quantity (AQ), the proposed cessation of the 'must inspect' conditions contained within the Supplier Licence and the findings of the Competition and Markets Authority (CMA) investigation into the energy market, it is timely that the relevant terms of the UNC are reviewed. This is with respect to the 'cyclic' Annual Meter Reading and 'must read' provisions pertaining to Annual Read Meters.

### Scope

Limited to the frequency of the reading of Annual Read Meters and consideration as to when Failure to obtain readings ('must read') provisions should be applied to Annual Read Meters.

### Impacts & Costs

To be identified.

### Recommendations

The Workgroup has made the following recommendations:

1. That "Modification 0570 - Obligation on Shippers to provide at least one valid meter reading per meter point into settlement once per annum" should continue through the assessment process;
2. That National Grid Distribution provides the rationale to the Workgroup for extending the scope of the "must read" process and consider requesting details of the outcome of previous site visits carried out by the relevant User prior to carrying out this activity.

### Additional Information

1. It is noted that under its recent consultation 'Reforming suppliers' meter inspection obligations' (published 23<sup>rd</sup> July 2015), Ofgem is proposing to remove the 'must inspect' obligations under Supplier Licence Condition 12. While it is clearly understood that the 'must inspect' obligations have no association whatsoever with the UNC, It is co-incidental that the existing 'must inspect' provisions require the procurement of a Meter Reading by the Supplier and provision of this via the Shipper User to the DNO every two years. It is suggested that this be considered by the Workgroup.
2. It is possible that any changes to UNC which might be proposed as a consequence of this review are not contingent on Project Nexus and may in principle be implemented ahead of the UK-Link programme.

## 2 Impacts and Costs

### Consideration of Wider Industry Impacts

Subject to the outcome of this review it may be necessary for Shipper Users to consider the impacts of possible changes in the frequency of Meter Reading on their Meter Reading Agents and customers. DNOs may also need to consider the consequences of changes in their 'must read' activities should that be an eventuality.

## Meter Reading Performance

Current UNC obligations place meter reading performance requirements for annual read meters of at least 70% of a Shippers portfolio annually. The Workgroup reviewed these requirements and felt that with the roll out of Smart meters, the performance target may no longer be suitable.

The Workgroup was presented with meter reading performance information extracted from central systems. The information was broken down by Shipper on a non disclosed basis and overall community performance levels with averages. A high level summary has been provided in the table below, with the detail performance provide in Appendix 1:

Total Number of MPRNs (Annual Read)		21,710,089	100%
Of which:	MPRNs with a read submitted and accepted	20,547,601	94.7%
	MPRNs which have not had a read submitted	1,061,232	4.8%
	MPRNs which had a read submitted and rejected	101,256	0.5%

It was noted that collectively, the industry was achieving a performance close to 95% of annual reads on a voluntary basis and perhaps this should be established as a more formal target in UNC. However, others were concerned that this target did not differentiate between standard and Smart meters and perhaps targets should be higher for Smart meters as once installed, it should be reasonably easy to obtain and submit reads for settlement purposes.

A number of concerns were raised that setting the performance level at too high a level at this time may be problematic as the industry was entering a period of significant change with the roll out of Smart meter and implementation of Project Nexus. The later would include the implementation of Rolling AQ, which may mean Shippers were changing their meter reading strategies and collectively these changes may put too much pressure on Shippers to maintain read performance during the transitional period.

It was also noted that following its establishment, the Performance Assurance Committee would provide the right level of scrutiny to set meter reading performance targets for the industry following Project Nexus implementation.

It was also noted that Modification 0570 was proposing that Shippers should submit at least one meter reading annually and that this was over the 95% target consider in the Request discussions. Therefore, as no consensus on approach could be agreed with the Workgroup, it was recommended that Modification 0570 be issued to Workgroup for assessment and analysis and to allow alternatives proposals to be considered.

## Extension of the “must read” process

The Workgroup noted that each year a number of meters remain unread despite Shippers efforts to access the meter to do a read. This can be for a number of reasons such as vacant property, demolition, remote meter locations, unoccupied sites and entry refusal. Although Suppliers have legal obligations to read meters, its very unlikely that British Courts would issue warrants to gain entry to a premises for the purposes of providing a meter read for settlement.

Transporters highlighted that currently they have rights under UNC to instigate the must read process

for all frequencies of meter reads where Shippers have been unable to provide these with allowed timescales. However, these rights are not enforced by Transporters for annually read sites and they proposed that it may be an ideal opportunity for Transporters to do so.

Shippers felt it may be beneficial if Transporters did so only where they intended to use their greater powers of entry otherwise they were no more likely to gain access to the meter than Shippers and Shippers would have to fund the cost of the additional visit. Transporters advised that they would be unwilling to use their powers of entry for purposes which were not directly safety related

National Grid Distribution proposed to extend their current must read process to include annually read meters on a trial basis and provided a timeline set out in Appendix 2.

The workgroup questioned what National Grid would do differently to the Shippers in order to obtain 'must reads' as they contend that they make every effort possible in order to read every meter within the obligated timescales. National Grid agreed to review its plan in light of the comments received and report back to the Distribution Workgroup.

## Impacts

Impact on Transporters' Systems and Process	
Transporters' System/Process	Potential impact
UK Link	<ul style="list-style-type: none"> <li>No impact identified.</li> </ul>
Operational Processes	<ul style="list-style-type: none"> <li>Impact?</li> </ul>
User Pays implications	<ul style="list-style-type: none"> <li>Impact?</li> </ul>

Impact on Users	
Area of Users' business	Potential impact
Administrative and operational	<ul style="list-style-type: none"> <li>Impact?</li> </ul>
Development, capital and operating costs	<ul style="list-style-type: none"> <li>Impact?</li> </ul>
Contractual risks	<ul style="list-style-type: none"> <li>No impact identified.</li> </ul>
Legislative, regulatory and contractual obligations and relationships	<ul style="list-style-type: none"> <li>No impact identified.</li> </ul>

Impact on Transporters	
Area of Transporters' business	Potential impact
System operation	<ul style="list-style-type: none"> <li>No impact identified.</li> </ul>
Development, capital and operating costs	<ul style="list-style-type: none"> <li>No impact identified.</li> </ul>

Impact on Transporters	
Recovery of costs	<ul style="list-style-type: none"> <li>Impact?</li> </ul>
Price regulation	<ul style="list-style-type: none"> <li>No impact identified.</li> </ul>
Contractual risks	<ul style="list-style-type: none"> <li>No impact identified.</li> </ul>
Legislative, regulatory and contractual obligations and relationships	<ul style="list-style-type: none"> <li>No impact identified.</li> </ul>
Standards of service	<ul style="list-style-type: none"> <li>No impact identified.</li> </ul>

Impact on Code Administration	
Area of Code Administration	Potential impact
Modification Rules	<ul style="list-style-type: none"> <li>No impact identified.</li> </ul>
UNC Committees	<ul style="list-style-type: none"> <li>No impact identified.</li> </ul>
General administration	<ul style="list-style-type: none"> <li>No impact identified.</li> </ul>

Impact on Code	
Code section	Potential impact
	<ul style="list-style-type: none"> <li></li> </ul>
	<ul style="list-style-type: none"> <li></li> </ul>

Impact on UNC Related Documents and Other Referenced Documents	
Related Document	Potential impact
Network Entry Agreement (TPD I1.3)	<ul style="list-style-type: none"> <li>No impact identified.</li> </ul>
Network Exit Agreement (Including Connected System Exit Points) (TPD J1.5.4)	<ul style="list-style-type: none"> <li>No impact identified.</li> </ul>
Storage Connection Agreement (TPD R1.3.1)	<ul style="list-style-type: none"> <li>No impact identified.</li> </ul>
UK Link Manual (TPD U1.4)	<ul style="list-style-type: none"> <li>Impact?</li> </ul>
Network Code Operations Reporting Manual (TPD V12)	<ul style="list-style-type: none"> <li>Impact?</li> </ul>
Network Code Validation Rules (TPD V12)	<ul style="list-style-type: none"> <li>Impact?</li> </ul>
ECQ Methodology (TPD V12)	<ul style="list-style-type: none"> <li>No impact identified.</li> </ul>
Measurement Error Notification Guidelines (TPD V12)	<ul style="list-style-type: none"> <li>No impact identified.</li> </ul>

Impact on UNC Related Documents and Other Referenced Documents	
Energy Balancing Credit Rules (TPD X2.1)	<ul style="list-style-type: none"> <li>No impact identified.</li> </ul>
Uniform Network Code Standards of Service (Various)	<ul style="list-style-type: none"> <li>Impact?</li> </ul>

Impact on Core Industry Documents and other documents	
Document	Potential impact
Safety Case or other document under Gas Safety (Management) Regulations	<ul style="list-style-type: none"> <li>No impact identified.</li> </ul>
Gas Transporter Licence	<ul style="list-style-type: none"> <li>No impact identified.</li> </ul>

Other Impacts	
Item impacted	Potential impact
Security of Supply	<ul style="list-style-type: none"> <li>No impact identified.</li> </ul>
Operation of the Total System	<ul style="list-style-type: none"> <li>No impact identified.</li> </ul>
Industry fragmentation	<ul style="list-style-type: none"> <li>Impact?</li> </ul>
Terminal operators, consumers, connected system operators, suppliers, producers and other non code parties	<ul style="list-style-type: none"> <li>Impact?</li> </ul>

## 3 Terms of Reference

### Background

The provisions of UNC TPD Section M5.9 and M5.10 (Modification 0432 drafting) have not been subject to review for many years. In the light of the forthcoming Performance Assurance framework and increasing scrutiny of the accuracy of key industry data, including Annual Quantity (AQ), the proposed cessation of the 'must inspect' provisions of the Supplier Licence and the findings of the CMA investigation into the energy market, it is timely that the relevant terms of the UNC are reviewed. This is with respect to the 'cyclic' reading and 'must read' requirements pertaining to Annual Read Meters.

### Topics for Discussion

#### Workgroup 1 – information gathering

- Background to the Annual Meter Reading requirements, including existing UNC obligations
- Possible Performance Assurance framework-related requirements (source - Engage report 'Gas Market Settlement Risk Quantification' dated 29<sup>th</sup> January 2015)
- 'Must-inspect' provisions in the Supplier Licence
- Identification of the first cut of fundamental industry requirements for Annual Meter Reading processes
- CMA Energy Market Investigation

#### Workgroup 2 – agreeing the basic requirements and options analysis

- Agreement on overall industry requirements for Annual Meter Readings
- Identification and development of preferred options / solutions
- Initial assessment of potential impacts of the identified solutions

#### Workgroup 3 – finalising options and solutions

- Agreement of preferred options / solutions
- Finalise assessment of implementation costs of any solutions

#### Workgroup 4 - reporting

- Completion of the Workgroup report

### Outputs

Produce a Workgroup Report for submission to the Modification Panel, containing the assessment and recommendations of the Workgroup including a draft modification where appropriate.

### Composition of Workgroup

The Workgroup is open to any party that wishes to attend or participate. Shipper representatives not normally involved in the UNC processes will be particularly welcome and invitations will be targeted at these parties.

A Workgroup meeting will be quorate provided at least two Transporter and two User representatives are present.

### Meeting Arrangements



## 4 Modification(s)

The Workgroup notes that Modification 0570 has been raised and that its scope includes amending the number of reads required to be submitted for settlement purposes and this includes increasing the annual performance target.

The Workgroup recommends that development of Modification 0570 should continue as this would allow participants the option of continuing with the proposal as currently drafted or proposing an alternative approach.

## 5 Recommendation

The Workgroup has made the following recommendations:

1. That “Modification 0570 - Obligation on Shippers to provide at least one valid meter reading per meter point into settlement once per annum” should continue through the assessment process;
2. That National Grid Distribution provides the rationale to the Workgroup for extending the scope of the “must read” process and consider requesting details of the outcome of previous site visits carried out by the relevant User prior to carrying out this activity.

National Grid Distribution has indicated that it intends to undertake an exercise to establish if extending the use of the “must read” process would be beneficial for the provision of meter readings. A report from the exercise is likely to be available for consideration by May, which could influence recommendations made by the Workgroup, therefore an extension to the reporting date to the July Panel would allow this additional analysis to be considered.

## 6 Appendices

Appendix 1 - Total Population of MPRNs Read Annually by Shipper [to be provided]

Appendix 2 - High level ‘must read’ process and timeline [to be provided]