





UNC Modification		At what stage is this document in the process?
<h1>UNC 0633V:</h1> <h2>Mandate monthly read submission for Smart and AMR sites from 01 February 2017</h2>		<div style="display: flex; flex-direction: column; align-items: flex-end;"> <div style="border: 1px solid green; background-color: #00a651; color: white; padding: 5px; margin-bottom: 5px;">01 Modification</div> <div style="border: 1px solid #00a651; padding: 5px; margin-bottom: 5px;">02 Workgroup Report</div> <div style="border: 1px solid #00a651; padding: 5px; margin-bottom: 5px;">03 Draft Modification Report</div> <div style="border: 1px solid #00a651; padding: 5px;">04 Final Modification Report</div> </div>
<p>Purpose of Modification:</p> <p>This modification brings forward to 01 February 2018 the effective implementation date of the CMA remedy mandating Smart and AMR meters to submit reads on a monthly basis from 01 April 2018. This will enable utilisation of more consumption data throughout industry processes and will ease Unidentified Gas (UIG) exposure for Shippers.</p>		
	<p>The Proposer recommends that this modification should be:</p> <ul style="list-style-type: none"> considered by Panel <p>This modification will be presented by the Proposer to the Panel on 21 December 2017. The Panel will consider the Proposer’s recommendation and determine the appropriate route.</p>	
	<p>High Impact:</p> <p>Shippers and Transporters</p>	
	<p>Medium Impact:</p>	
	<p>Low Impact:</p>	

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Timetable	
This is a varied and amended modification	
The Proposer recommends the following timetable:	
Initial consideration by Panel	21 December 2017
Draft Modification Report issued for consultation	21 December 2017
Consultation Close-out for representations	11 January 2018
Final Modification Report available for Panel	12 January 2018
Modification Panel decision	18 January 2018 (<i>short notice</i>)

 Any questions?

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1 Summary

What

The CMA has directed the industry to submit reads for Smart and Automated Meter Reading (AMR) sites every month from 01 February 2018 to improve settlement accuracy. This leaves a period of six months where the current processes will stay in place.

Why

The benefits of moving this date forward 6 months to 01 February 2017 will be seen in both potentially reduced Unidentified Gas (UIG) and reduced scaling factor volatility.

How

This modification is proposing to bring forward to 01 December 2017, the effective implementation date of the CMA remedy that all sites with Smart or AMR devices to submit 1 read per month from 01 April 2018.

2 Governance

Justification for Authority Direction

Currently we estimate that UIG costs are around £20-40m a month to the industry, which is driven in part by inaccurate AQs caused by a lack of meter reads. This modification will have a significant impact in improving the accuracy in AQs, hence UIG volatility. This modification will therefore have a material impact on shippers who will be required to submit reads every month to deliver post-Nexus benefits to consumers and help reduce UIG.

Requested Next Steps

This modification should:

- be considered a material change and not subject to self-governance
- be assessed by a Workgroup

This modification is not formally requesting urgent status, but owing to the levels of UIG currently being experienced in the market and the need to deploy the solution as soon as possible, a compressed timescale for considering the modification is requested.

3 Why Change?

The CMA has directed the industry, as part of its investigation into the Energy Market, for every site with a smart or AMR meter installed to submit one Valid Meter Read each month to Xoserve from 01 April 2018.

The proposer supports this proposition, but believes that industry will benefit from having this obligation brought in earlier, as more accurate settlement will reduce the current high levels of UIG and volatility being experienced in the market.

For the avoidance of doubt, supply meter points with AMR / SMART installed will not be classed as monthly read if their AQ suggests otherwise and hence the requirement for the change cannot be satisfied by simply amending UNC TPD M5.9, for the following reasons:

- The CMA remedy has a reasonable endeavours threshold for compliance, the monthly read requirements as drafted in the UNC do not. To not reflect this in the drafting would result in a mismatch of obligation thresholds between the binding CMA remedy and the UNC.
- There is no mention in the drafting of the Monthly Read must reads regime applies for such sites and no inference should be taken that it does. SLC 21B.4B of the supply licence changes brought in by the CMA in fact requires that these sites to be subject to the Annual Must Read regime and even then it is not completely clear that this is a requirement as the drafting requires the supplier to obtain a read, not for the Transporters to do so in the failure they do. It is questionable as to the value of the must read process for such meters in light of the CMA obligations and the UNC Modification is justified in being silent on the matter.

4 Code Specific Matters

Reference Documents

The Energy Market Investigation (Gas Settlement) Order 2016

Knowledge/Skills

None

5 Solution

Include a formal obligation in the UNC, with respect to any Supply Meter able to remotely transmit Valid Meter Readings for shippers to take all reasonable steps to obtain a Valid Meter Reading at least once per month for every Annual Read Frequency Supply Meter Point to enable submission of monthly reads, from 01 February 2018.

6 Impacts & Other Considerations

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

There is no impact on any other industry change or the SCR.

Consumer Impacts

No impact

Cross Code Impacts

There may be an impact on the iGT UNC in terms of referencing and similar obligations.

EU Code Impacts

There is no impact on any EU energy code

Central Systems Impacts

Changes to UK Link systems are not anticipated as the capacity currently exists for the additional reads to be implemented. It is expected that the Performance Assurance Committee (PAC) would monitor compliance.

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.	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.	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

The modification will increase the number of meter reads that are used in settlement, which will improve settlement accuracy and hence cost apportionment. This will further competition and relevant objective (d).

8 Implementation

No formal implementation date is proposed, but the proposer is seeking implementation by 01 February 2017, which we have communicated to the regulator.

9 Legal Text

None provided.

10 Recommendations

Proposer's Recommendation to Panel

Panel is asked to:

- Agree that Authority Direction should apply.
- Refer this proposal to a Workgroup for assessment.