

Representation - Draft Modification Reports

UNC 0633V - Mandate monthly read submission for Smart and AMR sites from 01 February 2017

UNC 0638V - Mandate monthly read submission for Smart and AMR sites from 01 April 2018

Responses invited by: 5pm on 11 January 2018

To: enquiries@gasgovernance.co.uk

Representative:	Paul Carman
Organisation:	ScottishPower Energy Management
Date of Representation:	17/11/17
Support or oppose implementation?	0633V - Oppose 0638V - Support
Preference:	<i>If either 0633 or 0638 were to be implemented, which would be your preference?</i> 0638V
Relevant Objective:	d) Positive (0638V Only)

Please note: this consultation is aimed at establishing if the content / effect of the variation have caused you to change a view that you previously expressed, or to take a view that you had not previously considered. Please note any representation received in respect of Modification 0633 0638 will be carried forward should parties not wish to change their original representation.

Reason for support/opposition: Please summarise (in one paragraph) the key reason(s)

ScottishPower fully support the implementation of monthly readings for all Smart and AMR meters, which is reflective in our response to Modification 594R. We also support all proposals that will benefit the volume of Unidentified Gas across the market. We do not, however, believe that moving the implementation of the mandating of monthly readings at such short notice will deliver the benefit to outweigh the cost and impact of changing delivery plans. For this reason, ScottishPower **support 0638V** and **oppose 0633V**

The Competition Markets Authority (CMA) announced an Order to implement the functionality to deliver monthly meter readings for all Smart meters from 01/04/2018. This implementation date was reconfirmed based on the feedback to an RFI through Modification UNC 594R, which therefore we expect reflects the most appropriate delivery

date for all Parties. Since the announcement of that Order ScottishPower have included the functional changes required into our development plans, which will include a number of phases from design through to UAT and regression testing. We consider the proposal under MOD0633V to move the implementation date forward by 4 months, giving a lead-time between Modification Panel decision and implementation of only 7 days, places an unreasonable delivery timescale. Therefore, 0633V would result in a negative impact on the relevant objective d) Securing of effective competition between relevant Shippers, as those organisations who have development plans aligned with the CMA Order implementation timescale of April 2018 will be left at a significant disadvantage. The same relevant objective (d) would be a positive impact for 0638V, as this would provide clarity and consistency with the changes imposed by the CMA Order, aligning the UNC with SLC.

The analysis performed by Engage Consulting quantifies the risk to settlement caused by Product Class 4 read frequency is £1.35m to initial allocation only. Any misallocation would be corrected at meter point level reconciliation and, therefore, this is a cashflow risk. We do not believe that the risk to unidentified gas mitigated by a monthly read frequency will be enhanced significantly by bringing forward the implementation date, considering the CMA Order implementation date is not a significant period of time away. Based on the information provided in our MOD594R RFI response, we estimate that 4 months extra costs would equate to >£20m across the industry.

Under the CMA proposal/MOD0638V, from April any misallocated gas caused by sites with a Smart or AMR meter will be reconciled within 1 month of implementation, very quickly mitigating the effect of infrequent readings on UIG

Implementation: *What lead-time do you wish to see prior to implementation and why?*

0638V: We recommend implementation date of 1st Apr 18 is confirmed as early as possible to add further certainty to the Order from the CMA.

0633V: As per the above, we do not feel that any implementation date would give enough lead-time for delivery.

Impacts and Costs: *What analysis, development and ongoing costs would you face?*

0638V: The analysis has already been undertaken, with development and associated costs already identified and included in the delivery plan and budget for April 2018 implementation date. Please refer to our response to MOD594R workgroup RFI for breakdown of these costs.

0633V: There would be an impact on our delivery plan to deliver this functionality sooner than the currently-planned implementation date of April 2018. This would require workarounds which are not an efficient way to operate and an accelerated requirement for requirement for monthly read across all parties which would generate increased costs across the industry. This, in turn could impact on those costs passed onto customers earlier than had been originally anticipated. As described below, ScottishPower believe this will offer little benefit.

Legal Text: *Are you satisfied that the legal text will deliver the intent of the Solution?*

Yes

Modification Panel Members have requested that the following questions are addressed:

Q1: Is this proposal inconsistent with the CMA requirement?

MOD0633V is inconsistent with the CMA requirement, as the CMA requirement has an implementation date of 01/04/18.

MOD0638V is consistent with the CMA requirements.

Q2: Do you believe there are any implications and/or consequential impacts that this proposal might have on Transporters' "must read" obligations?

The volume of MPRNs moving to a required monthly read would consequently increase the volume of potential sites requiring a 'must read', which Transporters would be required to adapt accordingly to accommodate. It is worth noting that any impacts will have been apparent since the CMA Order was announced, however, would impact from an earlier date should 0633V be implemented.

Are there any errors or omissions in this Modification Report that you think should be taken into account? *Include details of any impacts/costs to your organisation that are directly related to this.*

None

Please provide below any additional analysis or information to support your representation

None