

UNC Workgroup 0664 Minutes
Transfer of Sites with Low Read Submission Performance from
Class 2 and 3 into Class 4
Friday 07 December 2018
at Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA

Attendees

Rebecca Hailes (Chair)	(RH)	Joint Office
Helen Bennett (Secretary)	(HB)	Joint Office
Andy Clasper	(AC)	Cadent
Carl Whitehouse*	(CWh)	First Utility
Chris Warner	(CW)	Cadent
Edd Fyfe*	(EF)	SGN
Emma Smith	(ESm)	Xoserve
Imran Shah*	(IS)	British Gas
John Welch	(JW)	npower
Kirsty Dudley*	(KD)	E.ON
Leanne Jackson	(LJ)	Xoserve
Lorna Lewin*	(LL)	Orsted
Louise Hellyer	(LH)	Total Gas & Power
Luke Reeves*	(LR)	EDF Energy
Mark Bellman	(MB)	ScottishPower
Megan Coventry*	(MC)	SSE
Michael Robertson	(MR)	ScottishPower
Shaheeni Vekaria*	(SV)	Utility Warehouse
Steven Britton*	(SB)	Cornwall
Tracey Saunders	(TS)	Northern Gas Networks

* via teleconference

Copies of all papers are available at: www.gasgovernance.co.uk/0664/071218

The Workgroup Report is due to be presented at the UNC Modification Panel by March 2019.

1.0 Introduction and Status Review

1.1. Approval of Minutes (19 November 2018)

The minutes from the previous meeting were approved.

2.0 Amended Modification

John Welch (JW) talked through the changes made to the modification, a change marked version is published here: <http://www.gasgovernance.co.uk/0664/>. He advised that the intention was mainly to try to simplify it, by making change to the Purpose of the Modification; 'How' section and the Solution section.

The original modification purpose outlined the obligation for Shippers in Product Class 2 and 3 with a low read submission performance to move in to Product Class 4 in the first year of entry to the settlement class if they did not meet the required read submission performance. This has now been changed to the first three months.

JW provided clarification and advised that this means there will be a 3-month window whereby the Shipper must meet 50% read submission performance.

When asked, it was confirmed that the same measurement is used for Class 2 and Class 3 but the way the reads are submitted differs between the two classes.

Andy Clasper (AC) advised there is no monthly reference in the modification, for clarification, JW will add to the modification exactly how this will be measured as the solution refers currently to daily submission and not monthly.

JW talked through the calculation examples provided which are published here: www.gasgovernance.co.uk/0664/071218.

CW suggested that the target seems to be low. Read submission in the industry is a general problem.

CW suggested flexibility could be built in to the modification to enable this sort of methodology to be applied in the future.

It was confirmed that, UIG benefits will be recovered through the new entrant incentive charge and that once the new entrant obligation has been met, ongoing read performance obligation would be applicable (e.g. 90% Class 3).

The Workgroup discussed the benefits of this modification and agreed that this would implement a 'soft landing' approach, because the read performance target, (which is normally 90%), is reduced to 50% for new entrants.

When asked, it was confirmed that the likelihood of a retrospective approach for portfolios that are already in the class was unlikely to be acceptable.

Workgroup discussed the incentive percentage and how 50% was justified. Considering the Code obligations (90% and 97.5%) the Workgroup identified that 50% was an appropriate soft landing. Some workgroup participants expressed a firm view that this was too low and that 80% would still represent a considerable reduction to their obligation.

KD raised some points that might need considering:

1. The percentage charge to be used for a fund for CDSP, KD recommends having this as an admin charge rather than percentage charge.
2. In the solution section of the modification, it mentions in the Exemption section, "less than [30] SPs and a total AQ of [500,000 kWh]". KD asked why is this not 'or' as opposed to 'and'. JW agreed to consider this.
3. With regards to the mention of relevant days and relevant period, these should be consistently the same thing, if not, a definition for them may be required. JW agreed to make the necessary amendment.

Discussion that an IGT equivalent modification might be required, this has been added to the Workgroup Report.

Workgroup discussed requesting a ROM, this will be followed up by a formal request from the Joint Office.

3.0 Recommendations

N/a

4.0 Development of Workgroup Report

Amendments to the Workgroup Report were made throughout the discussions as documented in agenda item 2.0.

5.0 Review of outstanding actions

Action 0802: *Reference Section 5 Solution – Incentive Charge – Ofgem (JD)* to look to provide a view on what should be done with any monies generated via a 0664 solution, and whether a ‘neutral’ solution is the only viable option.

Update: BF has written to Jon Dixon Ofgem asking if he is able to provide an update as part of Action 1101. **Closed**

Action 1002: Using latest data for the 2 largest Shippers (920 and 212) FC (Xoserve) to evaluate what the impact is of the Shippers being in Class 3 rather than Class 4 (case study of savings a Shipper may have made by being in the wrong class).

Update: LJ confirmed that both shippers achieving less than one read per month this will be used as justification for materiality LJ will send the material through to be incorporated into the Workgroup report. **Carried Forward**

Action 1101: *Linked to 0802:* Joint Office, BF, will write to Jon Dixon, Ofgem, and ask if he would like to provide a response.

Update: BF has written to Jon Dixon Ofgem asking if he is able to provide an update to Action 0802. **Closed**

6.0 Next Steps

RH confirmed the next steps will be:

- Legal Text submission/consideration
- ROM provision
- Extension of the Workgroup Report submission beyond the March UNC Modification Panel.

7.0 Any Other Business

None.

8.0 Diary Planning

Further details of planned meetings are available at: <https://www.gasgovernance.co.uk/events-calendar/month>

Time / Date	Venue	Workgroup Programme
10:30 Tuesday 22 January 2019	Radcliffe House, Blenheim Court Warwick Road Solihull B91 2AA	Detail planned agenda items.

Action Table (as at 07 December 2018)					
Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0802	28/08/18	1.2	<i>Reference Section 5 Solution – Incentive Charge – Ofgem (JD)</i> to look to provide a view on what should be done with any monies generated via a 0664 solution, and whether a ‘neutral’ solution is the only viable option. <i>Linked to Action 1101</i>	Ofgem (JD)	Closed
1002	02/10/18		Using latest data for the 2 largest Shippers (920 and 212) FC (Xoserve) to evaluate what the impact	Xoserve (FC)	Carried Forward

			is of the Shippers being in Class 3 rather than Class 4 (case study of savings a Shipper may have made by being in the wrong class).		
1101	19/11/18	5.0	<i>Linked to Action 0802:</i> Joint Office, BF, will write to Jon Dixon, Ofgem, and ask if he would like to provide a response.	Joint Office (BF)	Closed