

## UNC Workgroup 0699 Agenda

### Incentivise Key Areas of Performance using additional UIG Charges

Thursday 25 July 2019

at Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA

#### Attendees

Alan Raper (Chair)	(AR)	Joint Office
Helen Bennett (Secretary)	(HB)	Joint Office
Andy Clasper	(AC)	Cadent
Bob Fletcher	(BF)	Joint Office
Brandon Rodrigues*	(BR)	ESP Utilities
David Mitchell	(DM)	SGN
Ellie Rogers	(ER)	Xoserve
Fiona Cottam	(FC)	Xoserve (0699 only)
Gareth Evans*	(GE)	Waters Wye Associates Ltd
Kate Mulvany*	(KM)	Centrica
Kirsty Dudley	(KD)	E.ON
Lorna Lewin	(LL)	Orsted
Louise Hellyer*	(LH)	Total Gas & Power Limited
Mark Jones*	(MJ)	SSE
Matthew Payne*	(MP)	SGN
Nitin Prajapati	(NP)	Cadent
Richard Johnson	(RJ)	Xoserve
Richard Pomroy	(RP)	Wales & West Utilities
Steve Britton*	(SB)	Cornwall Insights
Steve Mulinganie	(SM)	Gazprom
Stephanie Clements	(SC)	ScottishPower
Tracey Saunders	(TS)	Northern Gas Networks

\*via teleconference

Copies of all papers are available at: <https://www.gasgovernance.co.uk/0699/250719>

The Workgroup Report is due to be presented at the UNC Modification Panel 16 January 2019.

#### 1.0 Outline of Modification

Stephanie Clements (SC) introduced the Modification and explained there have been a number of existing performance measures with significant failings, and the purpose of this Modification is to create a link between poor performance, the effect it has on UIG and to create financial incentives to improve performance based on the industry costs created by UIG.

She confirmed a new draft of the Modification has been submitted for Workgroup to review and that more clarity has been put into the Modification to show this is not an additional UIG charge and that UIG weighting factors are being used. The reference to additional UIG has been removed.

#### 2.0 Initial Discussion

FC explained the performance measures would be calculated retrospectively at the end of each month which would include measuring performance against key UIG related factors. The

outcome of this would be to produce an additional charge against each Shipper, where their performance is below standard.

SM said that bringing UIG into the solution, as the basis of the charge, is not right and that it should be a straightforward charge based on lack of read provision.

FC advised she is trying to think creatively about major causes of UIG or UIG uncertainty, such as taking sites out of Class 2, and moving larger sites to a Daily Read service and link these to performance metrics.

SM asked for focus to be applied to the charge setting and added that whilst he is not against this Modification in principle, but there is a need to justify whatever charge being set is not penal.

A concern was raised that there are several UIG related Modification open at the moment, some of which are progressing individually, but in practice a number are linked.

In conclusion, it was agreed that SC will come back to Workgroup with a list of options to pursue which should include:

- Whether having UIG as the basis of the charge is appropriate
- How the collected money would be redistributed
- How this proposal ties in with all the other UIG mods

## 2.1. Issues and Questions from Panel

2.1.1. Do these arrangements conflict or overwrite the AUG arrangements?

Fiona Cottam advised that Appendix 2 within the Modification has been submitted to satisfy this Panel question.

2.1.2. Should this be a neutrality arrangement process for apportioning UIG?

Given the high-level discussions at today's Workgroup, this question will be considered at a later Workgroup.

## 2.2. Initial Representations

None received.

## 2.3. Terms of Reference

As matters have been referred from Panel a specific Terms of Reference has been published alongside the Modification at [www.gasgovernance.co.uk/0699/250719](http://www.gasgovernance.co.uk/0699/250719).

## 3.0 Next Steps

BF confirmed that the next step should be to revise the proposal, in light of the Workgroup discussion, and bring it back to the next Workgroup

## 4.0 Any Other Business

None.

## 5.0 Diary Planning

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

Workgroup meetings will take place as follows:

Time / Date	Venue	Workgroup Programme
-------------	-------	---------------------

---

10:30, Thursday 22 August 2019	Elexon, 350 Euston Road, London NW1 3AW	Distribution Workgroup standard Agenda
--------------------------------------	--	--

**Action Table (as at 25 July 2019)**

<b>Action Ref</b>	<b>Meeting Date</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Owner</b>	<b>Status Update</b>
			No outstanding actions		