












| UNC Modification | | At what stage is this document in the process? |
|---|---|--|
| <h1 style="margin: 0;">UNC 0664:</h1> <h2 style="margin: 0;">Transfer of Sites with Low <u>Valid Meter Reading</u> Submission Performance from <u>Classes 2 and 3</u> into Class 4</h2> | <div style="display: flex; flex-direction: column; gap: 5px;"> <div style="border: 1px solid #00a651; background-color: #00a651; color: white; padding: 2px 5px; border-radius: 4px;">01 Modification</div> <div style="border: 1px solid #00a651; background-color: #e0f2f1; padding: 2px 5px; border-radius: 4px;">02 Workgroup Report</div> <div style="border: 1px solid #00a651; background-color: #e0f2f1; padding: 2px 5px; border-radius: 4px;">03 Draft Modification Report</div> <div style="border: 1px solid #00a651; background-color: #e0f2f1; padding: 2px 5px; border-radius: 4px;">04 Final Modification Report</div> </div> | |
| <p>Purpose of Modification:</p> <p>To create an obligation for Shippers to move sSupply pPoints with low <u>Valid meter Daily Meter Reading</u>read submissions submission -performance from Product <u>Classes 2 and 3</u> into Product Class 4, following a consecutive period of poor performance. <u>The</u> CDSP will automatically move any sSupply pPoints not moved by the sShipper in such a scenario (after an allowed period of time).</p> | | |
|  | <p>The Proposer recommends that this modification should be:</p> <ul style="list-style-type: none"> considered a material change and not subject to self-governance assessed by a Workgroup <p>This modification will be presented by the Proposer to the Panel on 16 August 2018. The Panel will consider the Proposer's recommendation and determine the appropriate route.</p> | |
|  | <p>High Impact: Shippers</p> | |
|  | <p>Medium Impact: CDSP</p> | |
|  | <p>Low Impact: Transporters</p> | |

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| | | |  UKLink@xoserve.com |
| Timetable | | | |
| The Proposer recommends the following timetable: | | | |
| Initial consideration by Workgroup | 28 August 2018 | | |
| Workgroup Report presented to Panel | 20 December 2018 | | |
| Draft Modification Report issued for consultation | 20 December 2018 | | |
| Consultation Close-out for representations | 15 January 2019 | | |
| Final Modification Report available for Panel | 28 January 2019 | | |
| Modification Panel decision | 21 February 2019 | | |

1 Summary

What

~~This modification is being raised on behalf of the Performance Assurance Committee (PAC). This Modification was initially developed at PAC and is being monitored by PAC.~~

Post Nexus delivery Unidentified Gas (UIG) is shared out using weighting factors determined by the Allocation of Unidentified Gas Expert (AUGE), and currently less UIG is apportioned to Class 2 and Class 3 Supply Points (SPs) than to Class 4 ~~Supply Points~~ SPs. However, poor ~~read-submission~~ performance ~~in the obtaining of Valid Readings from Supply Meters at Supply Points~~ in these settlement classes does not improve the situation regarding temporary UIG, but hinders it further. The PAC has been monitoring the situation over recent months, and it has become clear that poor ~~performance read-submission~~ can continue with no incentive (beyond Uniform Network Code (UNC) breach) to rectify the situation in the short term. For this reason, the PAC is seeking to create additional incentives in this area to ensure Shippers reach and maintain a minimum level of ~~Valid Meter Readings that are submitted to the CDSP submission-performance for each both~~ Classes 2 and 3 as established in the UNC.

Why

At present, while ~~Valid Meter Reading submission-submission~~ performance targets are clearly laid out in the UNC TPD Section M, there is no further incentive to ensure ~~Valid Meter Reading submission~~ performance reaches a suitable level and is maintained. As it stands, without additional incentives, Shippers are able to move large numbers of sites (with potentially high associated energy consumption) into Classes 2 and 3 and, therefore, reduce ~~their~~ UIG exposure.

How

The solution will create an obligation for ~~s~~Shippers to transfer ~~those the poorest performing s~~Supply ~~p~~Points in ~~C~~lasses 2 and 3 ~~where the percentage of Valid Meter Readings obtained from the Supply Meters is below the minimum required standard (in terms of read-submission-performance)~~ into ~~e~~Class 4. ~~Valid R~~Reading ~~submission-submission~~ performance will be measured at ~~S~~upply ~~p~~Point level, with those ~~s~~Supply ~~p~~Points falling below a specified benchmark for a consecutive period being automatically transferred to ~~e~~Class 4. After an allowed period of time, where a ~~s~~hipper does not move ~~s~~Supply ~~p~~Points that ~~have~~ fallen below the threshold in accordance with the obligation, the CDSP will automatically move those ~~s~~Supply ~~p~~Points ~~into~~ ~~e~~Class 4.

2 Governance

Justification for Authority Direction

This Modification should follow Authority Direction procedures, as it could have a material impact on competition. The Modification proposes the introduction of obligations related to Valid Meter Reading submission performance for Class 2 and 3 Supply PointsSPs, plus a structure of charging to act as a further incentive to ensure parties-Shippers that use the relevant settlement classes are able to fulfil the associated Valid Meter Reading submission obligations. As a result, there could be a material impact on competition and contractual obligations for Shippers and Suppliers.

Requested Next Steps

This Modification should:

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

3 Why Change?

As it stands currently, performance targets for Valid Meter Reading submissions are clearly laid out in the UNC for all settlement classes. The current Valid Meter Reading submission targets for Class 2 and 3 Supply Points sites, as stated in UNC TPD Section M, stands at 97.5% of a Shipper's portfolio for Class 2, and 90% of a Shipper's portfolio per month for Class 3. However, parties-Shippers can benefit from lower UIG weighting factors by moving sites into Classes 2 and 3, but with no incentive or link to minimum levels of Valid Meter Reading submission performance. Without this link, the additional readings available in these Classes will not help the temporary UIG situation, but would further hinder it, potentially creating more unreconciled gas in these categories.

Since November 2017, the PAC have-has been monitoring levels of Valid Meter Reading submissions for Classes 2 and 3 as the post Nexus settlement classes have been taken up by Shippers. While take-up of Class 2 remains relatively modest, there are some 120,000 SMPs currently in eClass 3. However, the post Nexus regime is now over one-two years old, and read submission performance remains poor, despite the CDSP offering and giving support to Shippers to improve meter reading submission levels. Given that this educative approach has not been successful to date, the PAC feels that further incentives are needed in this area to improve read submission levels for the new settlement classes.

The most recently reported (anonymous) read submission levels are below (as at March 2018), with associated AQs indicating the potential level of energy affected by the issue. These reports will be updated once available.

Class 3:

Joint Office of Gas Transporters

| Shipper Short Code | Class 3 Aggregate AQ as at 01/02/2018 | Number Of Class 3 SMP's as at 01/02/2018 | Number Of Class 3 Accepted Reads Submitted between 01/02/2018 and 28/02/2018 | Number Of Class 3 Rejected Reads Submitted between 01/02/2018 and 28/02/2018 | Average number of reads |
|--------------------|---------------------------------------|--|--|--|-------------------------|
| 151 | 2,103,633 | 13 | | 250 | 57 |
| 242 | 43,019,500 | 1 | | 25 | 25 |
| 336 | 711,168 | 1 | | 0 | 0 |
| 417 | 2,285,334 | 12 | | 268 | 60 |
| 212 | 2,145,742,577 | 13,638 | | 6,305 | 3,421 |
| 214 | 72,478,166 | 6 | | 0 | 209 |
| 221 | 15,573,626 | 2 | | 0 | 0 |
| 223 | 827,866,234 | 57,417 | | 307,133 | 789,322 |
| 181 | 3,124,972 | 18 | | 14 | 6 |
| 226 | 806,137 | 2 | | 2 | 0 |
| 272 | 435,953 | 2 | | 4 | 0 |
| 300 | 912,841,858 | 6,421 | | 3,891 | 2,820 |
| Totals: | 4,826,988,258 | 77,533 | | 317,686 | 794,021 |

Class 2:

| Shipper Short Code | Class 2 Aggregate AQ as at 01/02/2018 | Number Of Class 2 SMP's as at 01/02/2018 | Number Of Class 2 Accepted Reads Submitted between 01/02/2018 and 28/02/2018 | Number Of Class 2 Rejected Reads Submitted between 01/02/2018 and 28/02/2018 | Average number of reads |
|--------------------|---------------------------------------|--|--|--|-------------------------|
| 229 | 317,714,234 | 26 | | 975 | 33 |
| 151 | 36,387,171 | 1 | | 75 | 75 |
| 202 | 55,041,415 | 1 | | 173 | 173 |
| 212 | 126,926,300 | 6 | | 143 | 2 |
| 152 | 43,022,657 | 1 | | 20 | 20 |
| 233 | 1,381,924,234 | 70 | | 4,150 | 41 |
| 272 | 160,999,345 | 8 | | 196 | 25 |
| 300 | 37,278,633 | 2 | | 202 | 1 |
| 343 | 82,305,816 | 3 | | 196 | 66 |
| Totals: | 2,889,609,905 | 117 | | 6,163 | 134 |

4 Code Specific Matters

Reference Documents

UNC TPD Section M - <https://www.gasgovernance.co.uk/TPD>

5 Solution

The solution will deal with the transfer of poor performing eSupply pPoints (from eClasses 2 or 3 to class 4), The business rules are below.

Business Rules

1. It is proposed that the current read provision obligations in section M, 5.7 and 5.8 are extended to add minimum individual Supply Meter Reading performance targets (Minimum Performance Standard). In addition to the existing portfolio level, Valid read submission targets, each eSupply pPoint registered in settlement eClasses 2 and 3 will have Valid Supply Meter Readings measured daily read-submission measured.

2. It is also proposed that section M will acknowledge that supply points registered into class 2 or 3 should have a smart or AMR meter present and flagged in CDSP systems before transferring to either daily settlement class. Once the modification is implemented, any supply points in class 2 or 3 that do not have a smart or AMR meter already flagged in CDSP systems will be automatically transferred to class 4, one calendar month from the modification implementation date.

32. While the existing portfolio level Valid #Reading submission targets will remain (97.5% per day for eClass 2, 90% per month for eClass 3), in addition, each sSupply pPoint will need to meet a minimum level of performance in any consecutive [3] month period. This Performance Period will be determined on an annual basis by the PAC. If any MPRN-Supply Meter in either eClass 2 or 3 provides less than [250%] of daily reads (the 'Minimum Performance Standard') across the consecutive period, the sSupply pPoint will be required to be automatically transferred to eClass 4 at the end of following that period. This Minimum Performance Standard will also be determined on an annual basis by the PAC. The intention of this component of the solution is to act as a backstop for the very poorest performing supply points at any given point.

43. Read Submission

The table below demonstrates the mechanism for measuring sSupply pPoint level read performance, where the number of accepted Valid Meter daily #Readings provided for a sSupply pPoint in any given month is recorded and measured to generate an individual monthly read submission performance.

| | MPRN 1 | MPRN 2 | MPRN 3 | MPRN 4 | MPRN 5 | MPRN 6 | MPRN 7 | MPRN 8 | MPRN 9 | MPRN 10 |
|------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|
| Day 1 | 1 | | | | | | | | 1 | |
| Day 2 | 1 | 1 | | | | | | | 1 | |
| Day 3 | 1 | 1 | | | | 1 | | | 1 | |
| Day 4 | 1 | 1 | | | | | | | 1 | |
| Day 5 | 1 | 1 | | | | 1 | 1 | | 1 | |
| Day 6 | 1 | 1 | | | | | | | 1 | |
| Day 7 | 1 | 1 | | | 1 | 1 | 1 | | | |
| Day 8 | 1 | 1 | | | | | | | 1 | |
| Day 9 | 1 | 1 | | | | 1 | 1 | | | |
| Day 10 | 1 | 1 | | | | | | | 1 | |
| Day 11 | 1 | 1 | | | | 1 | 1 | | | |
| Day 12 | 1 | 1 | | | | | | | 1 | |
| Day 13 | 1 | 1 | | | | 1 | 1 | | | |
| Day 14 | 1 | | | | | | | | 1 | |
| Day 15 | 1 | | | | | 1 | 1 | | | |
| Day 16 | 1 | | | | | | | | 1 | |
| Day 17 | 1 | | | | | 1 | 1 | | 1 | |
| Day 18 | 1 | | | | | | | | 1 | |
| Day 19 | 1 | | | | | 1 | 1 | | 1 | |
| Day 20 | 1 | | | | | | | | 1 | |
| Day 21 | 1 | | | | | | 1 | | | |
| Day 22 | 1 | | | | | | | | 1 | |
| Day 23 | | | | | | | 1 | | | |
| Day 24 | 1 | | | | | 1 | 1 | | | |
| Day 25 | 1 | | | | | 1 | 1 | | | |
| Day 26 | 1 | | | | | | | | 1 | |
| Day 27 | 1 | | | | | | 1 | | | |
| Day 28 | 1 | | | | | 1 | | | | |
| Day 29 | 1 | | | | | | | | | |
| Day 30 | 1 | | | | | | | | | |
| Day 31 | | | | | | | | | | |
| Total | 29 | 12 | 0 | 1 | 14 | 21 | 0 | 5 | 4 | 0 |
| Percentage | 93.55% | 38.71% | 0.00% | 3.23% | 45.16% | 67.74% | 0.00% | 16.13% | 12.90% | 0.00% |

54. Read Submission Measurement

Read submission would be measured by the receipt of a Valid #Reading, accepted into CDSP systems. For Class 2, this would be by D+5, for eClass 3, by M+10. The relevant percentage would be calculated on a rolling 3 month basis for each Performance Period, calculated through the ratio of accepted reads by days across the Performance Period, which will be set initially as a 3 month period, and set on an annual basis by the PAC 3-month period. Where there are instances of not all Class 3 reads being able to be loaded by the CDSP due to system constraints, there will be a separate measure for these sites based on an assured read target which will be determined by the PAC over the same Performance Period. This target will also initially be set at 25%.

~~6. For the avoidance of doubt, meters that have been flagged as faulty in central systems will be out of scope of the read submission measurement (until the fault flag is removed).~~

7. Change of Supply

~~5. Following a change of supply Shipper, sSupply Point pointValid Reading performance would will be reset for the new sShipper. Performance measurement would will begin from the 1st day of the next Performance Period following month after the change of Shipper for the sSupply pPoint was registered and allowing so allowing complete months to be measured.~~

~~86. Reporting will be produced and sent to Shippers by the 20th day of the month each month and will highlight any to sShippers and the affected all Supply Points MPRNs where the individual read submission pPerformance Measure has fallen below the tolerance Minimum Performance Standard. Notification and backing data containing the individual MPRNs Supply Points will be sent to the affected shipper relevant Shipper(s). Summary reporting will also be delivered to the PAC on the second Tuesday of the following month.~~

~~97. Affected sShippers will be obliged to change the class of the relevant sSupply pPoints into eClass 4 at the earliest opportunity, but in any event by within 30 calendar days from receipt of the report. The only exception to this is where, during the Performance Period, any sites that have crossed the Class 1 threshold will not be required to be re-registered into Class 4, but will instead be subject to the rules requiring Class 1 registration.~~

~~8. The Performance Measure will be solely based on the Performance Period. Any improvement in performance after a Performance Period, but prior to the registration into Class 4, will not be considered and cannot be used as a reason for non-registration into Class 4. Once a Supply Point is determined to have failed the Performance Target for a Performance Period the Supply Point will be required to be reclassified – regardless whether performance subsequent to the Performance Period, but prior to reclassification, improves such that the Supply Point would not have failed the Performance Target in the subsequent Performance Period.~~

~~9. Any Supply Points that move from Class 3 to Class 2 or vice-versa during the Performance Period will have to meet the Valid Meter Reading submission level of the lower target for the whole of the Performance Period.~~

~~10. If the identified poor performing sSupply pPoints have not been registered into eClass 4 within 30 days of receipt of the reports by Shippers by the last day of the calendar month, the CDSP systems will transfer those MPRNs Supply Points to class 4. as soon as is practical, practical, and at the latest by the last day of the following calendar month.~~

~~11. Any Supply Points in Classes 2 and 3 transferred to Class 4 due to the failure to meet the minimum Performance Measure at the Supply Meter may not be transferred to Classes 2 and 3 for a minimum Lock-out period, which will initially be set at (6) months, from their transfer into Class 4. This Lock-Out Period will be determined on an annual basis by the PAC. This condition will not apply after a change of Shipper where the new Shipper will be able to change any Class 4 Supply Point into Class 2 or Class 3 in line with normal UNC~~

timescales. This Lock-Out period will not apply to a Supply Point that requires to be re-registered from Class 4 to Class 1.

14. Queries— if a party disputes the read-submission performance figures, a query can be logged with the CDSP upon receipt of the reporting. Evidence must be supplied to the CDSP to open such a query. If no error with the reporting is found, the query will be closed and the affected supply points transferred. If an error is acknowledged, there will be no obligation to transfer the affected supply points, and any CDSP transfer will be cancelled. While the query is being investigated, all timescales related to the obligation will remain on hold until such time that the query is resolved in either direction. If the query is rejected by the CDSP, the party is notified in writing, and the timescales again become applicable from the point that obligation was 'paused'.

12. The CDSP will be entitled to charge Shippers on a Supply Point basis for all Supply Points that it reclassifies from Classes 2 and 3 to Class 4 on behalf of Shippers after the 30 day Shipper notice period in each calendar month. The CDSP will set out the charging rates and invoicing arrangements within the DSC Contract.

New Defined Terms:

Minimum Performance Standard

The minimum level of performance required to be achieved over each Performance Period in order for the Supply Point to remain in Class 2 or Class 3. This will be set at 25% initially for both Classes 2 and 3, including those in EUC1 Class 3 where the measure will be based on Approved Readings. Where there is more than one Minimum Performance Standard in place across a Performance Period then the lower of the Minimum Performance Standards must be met for all of the Performance Period.

Performance Measure

The percentage of daily Valid Meter Readings Submitted, as measured by the CDSP, for each Supply Point in Classes 2 and 3 over each Performance Period.

Performance Period

The time period over which each Performance Measure will be derived. This will initially be set as a rolling 3 month period, but will be reviewed on an annual basis by the PAC. Where there is a change to the Performance period then all Performance Measures commencing from that date on will be on the revised Performance Period. Any Performance Periods in place at the date of the Performance Period change will be unaffected by the Performance Period change.

Lock-out Period

The time period over which Shippers will not be able to re-register Supply Points into Classes 2 or Class 3 that have been removed from either of these Classes due to them failing the Minimum Performance Standard. The Lock-out Period will begin on the day of re-registration into Class 4. The lock-out period will cease to apply if there is a change of Shipper at the Supply Point or if the Supply Point qualifies to be registered as a Class 1 Supply Point. The lock-out period will be initially set at 6 months and will be reviewed on an annual basis by the PAC. Where there is a change to a Lock-Out Period all Supply Points that are in a Lock-Out period will be subject to the shorter of the Lock-Out periods.

Notification of revised Minimum Performance Standard, Performance Period and Lock-Out Period

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For each Gas Year, the Performance Assurance Committee will maintain or revise the Minimum Performance Standard, the Performance Period and Lock-Out Period.

The Performance Assurance Committee will consult with the Uniform Network Code Committee on any revisions and provide the reasons for the revisions.

Not later than 31st August in the Preceding Year (and in sufficient time to meet CDSP system time constraints), the PAC will confirm to the CDSP any revisions, who will apply them from 1st October for the Upcoming Gas Year.

Where the Performance Assurance Committee is unable to or does not determine any revisions for the Upcoming Gas Year, the CDSP shall rollover all values applying in the Preceding Gas Year.

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6 Impacts & Other Considerations

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

None identified.

Consumer Impacts

It should be noted that settlement ~~products-classes~~ do not necessarily correlate to customer products (in that settlement read submission does not necessarily impact the type of product offered to the customer by a supplier). If this were to be the case, non-submission of meter reads could potentially be detrimental to the customer – this Modification seeks to ensure that Shippers are able to appropriately manage the expected performance levels before moving ~~SPs-Supply Points~~ into these settlement classes.

However, this will need further consideration by the workgroup as there may be links to customer contracts that the Modification may need to take into account.

Cross Code Impacts

There may be an IGT UNC impact and this should be considered in the Workgroup.

EU Code Impacts

None identified.

Central Systems Impacts

There should be limited central systems impacts in relation to required class changes as the CDSP already has the facility to move sites in bulk across settlement classes (if needed). Some change may be needed in relation to the proposed charging mechanism and the establishment of reporting for the CDSP, PAC and PAFA.

7 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 |

This Modification proposes additional incentives to ensure timely submission of Valid Meter Readings data for the relevant classes to be used for settlement purposes and to increase the accuracy of UIG. As such, more accurate and frequent read submission data in central systems should lead to more accurate cost allocation; and so, therefore, furthering competition and relevant objective d).

8 Implementation

No implementation timescales are proposed at present.

9 Legal Text

To be provided by Transporters.

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.