





UNC Modification	At what stage is this document in the process?
<h1>UNC 0690<u>S</u>:</h1> <h2>Reduce qualifying period for Class 1</h2>	<div>01 Modification</div> <div>02 Workgroup Report</div> <div>03 Draft Modification Report</div> <div>04 Final Modification Report</div>
<p><b>Purpose of Modification:</b></p> <p>This Modification proposes that the qualifying period for the requirement for a meter point to become Class 1 is reduced, to limit the time period when very large sites are subject to NDM Demand Estimation, as opposed to being Daily Metered.</p> <p>The Modification also proposes a new Performance Assurance report of sites which have met the qualifying criteria for Class 1 but are <del>either in Class 2,</del> Class 3 or Class 4.</p>	
	<p>The Proposer recommends that this <u>M</u>odification should be:</p> <ul style="list-style-type: none"> <li>subject to self-governance</li> <li>assessed by a Workgroup</li> </ul> <p>This <u>M</u>odification will be presented by the Proposer to the Panel on <del>18 April</del> <u>19 December</u> 2019. The Panel will consider the Proposer's recommendation and determine the appropriate route.</p>
	<p>High Impact:</p> <p>None</p>
	<p>Medium Impact:</p> <p>Shippers, CDSP, DM Service Providers</p>
	<p>Low Impact:</p> <p>Gas Transporters, affected End Consumers</p>

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## Timetable

The Proposer recommends the following timetable:

Initial consideration by Workgroup	29 April 2019
Workgroup Report presented to Panel	<del>19 December 2019</del> <sup>15 August</sup> <del>17 October 2019</del>
Draft Modification Report issued for consultation	<del>XXX</del> <sup>19 December 2019</sup> <del>16 August</del> <sup>18 October 2019</sup>
Consultation Close-out for representations	<del>XXX</del> <sup>23 January 2020</sup> <del>06 September</del> <sup>08 November 2019</sup>
Final Modification Report available for Panel	<del>XXX</del> <sup>30 January 2020</sup> <del>12 September</del> <sup>14 November 2019</sup>
Modification Panel decision	<del>19 September</del> <sup>XXX</sup> <del>20 February 2020</del> <sup>21 November 2019</sup>



Any questions?

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# 1 Summary

## What

This Modification proposes that the qualifying period for the requirement for a meter point to become Class 1 is reduced, to limit the time period when very large sites are subject to NDM Demand Estimation, as opposed to being Daily Metered.

## Why

The Unidentified Gas Task Force (as established by UNC Modification 0658) has determined that very large sites which are above the Class 1 threshold but remain as either Class 3 or Class 4 can contribute to daily UIG volatility. This is because their daily gas allocation will be determined using the Non-Daily Metered (NDM) Demand Estimation Algorithm rather than using their actual metered consumption.

Although any differences between allocated and actual consumption will be corrected by meter point reconciliation, these sites may have an irregular usage pattern and NDM Algorithm may not be a good estimate of the actual consumption, with any difference being a component of UIG each day.

Based on the findings of the UIG Task Force, as at December 2018 just 12 sites were contributing 0.85% of national LDZ throughput to annualised UIG and up to 0.3% of national LDZ throughput to daily UIG volatility. Several of these large sites had multiple consecutive Rolling AQ calculations above the Class 1 threshold, of 58,600,000 kWh but had not yet met the G1.6.15 conditions:

*Where it is a condition of a change in classification (under any provision of the Code) of a Supply Point or Supply Meter Point that the Annual Quantity of such System Exit Point is or has become greater than, not less than, less than or not greater than a specified quantity (the “threshold requirement”), the condition shall be treated as satisfied, with effect from the first Day of the month following an AQ Calculation Month (‘M’), if and only if:*

- (a) each AQ Calculation Month in the preceding period of 6 months is a qualifying AQ Calculation Month; and
- (b) there are at least 3 consecutive qualifying AQ Calculation Months (including month M), or if there are fewer than 3 AQ Calculation Months in the preceding period of 18 months, each AQ Calculation Month in that 18 month period is a qualifying AQ Calculation Month.

## How

This Modification proposes that the qualifying period for the requirement for a meter point to become Class 1 is reduced, to limit the time period when very large sites are subject to NDM Demand Estimation, as opposed to being Daily Metered, by reducing the qualifying periods to [3 months] and to [6 months] respectively, whilst leaving the qualifying number of calculations will remain unchanged, (-at 3,) to minimise the risk of sites “bouncing” in and out of Class 1 due to Rolling AQ volatility.

The proposed business rules are as follows:

- (a) if there have been at least 3 AQ calculations in a 4 month period and three consecutive calculations were above the threshold, that the conditions for Class 1 are met, or failing that;
- (b) if there have been at least 3 AQ calculations in a six month period and all calculations were over the threshold, that the conditions for Class 1 are met, or failing that;

(c) if the AQ has remained above the threshold for 12 months, regardless of the number of subsequent AQ calculations, that the conditions for Class 1 are met.

This Modification also seeks to introduce an additional report to Performance Assurance Committee (and a corresponding anonymised report) in the Performance Assurance Report Register of meter points which have met the qualifying period requirement but are not in Class 1, with details of the current rolling AQ and the number of AQ calculations above the threshold.

## 2 Governance

### Justification for Self-Governance

This Modification is recommended for self-governance procedures, on the basis that it is a minor change to industry governance and seeks to improve take-up of Class 1, and thereby reduce UIG volatility.

This Modification does not seek to prescribe any change to end consumer billing arrangements, which are at the discretion of the Supplier. Meter points with an AQ above 732,000 kWh should already have a daily reading capability.

### Requested Next Steps

This Modification should:

- be considered a non-material change and subject to self-governance
- be assessed by a Workgroup

## 3 Why Change?

The current arrangements allow for an unacceptable delay between the AQ increasing above the Class 1 threshold, and the site being moved to a Class 1 service. During this delay, the meter point will be subject to NDM Allocation, based on a standard national profile, rather than being allocated energy based on its actual daily usage.

Based on the findings of the UIG Task Force, as at December 2018 just 12 sites were contributing 0.85% of national LDZ throughput to annualised UIG and up to 0.3% of national LDZ throughput to daily UIG volatility.

## 4 Code Specific Matters

### Reference Documents

UIG Task Force findings:

<https://www.xoserve.com/media/1492/321-inaccurate-or-out-of-date-aqs-non-daily-metered-euc09-sites.pdf>

### Knowledge/Skills

A knowledge of the daily reading process would be useful.

## 5 Solution

This Modification proposes that the ~~G1.6.15~~ qualifying period for the requirement for a meter point to become Class 1 is reduced, to limit the time period when very large sites are subject to NDM Demand Estimation, as opposed to being Daily Metered.

The proposal is to change the conditional triggers to the following:

- where there have been at least 3 consecutive qualifying AQ calculations above the Class 1 threshold (not necessarily in consecutive months) then the conditions for Class 1 are met, or failing that;
- if the AQ has remained above the threshold for **12 months**, regardless of the number of consecutive qualifying AQ calculations, then the conditions for Class 1 are met.

~~, by reducing the period to [3-4 months] and to [6 months] respectively, whilst leaving the qualifying number of calculations unchanged, at 3, to minimise the risk of sites “bouncing” in and out of Class 1 due to Rolling AQ volatility. A failsafe is also proposed, that if the AQ remains above the threshold for more than 12 months, regardless of the number of AQ calculations, that it should meet the criteria for Class 1.~~

This Modification also seeks to introduce an additional report to Performance Assurance Committee (and a corresponding anonymised report) in the Performance Assurance Report Register of meter points which have met the qualifying period requirement but are not in Class 1, with details of the current rolling AQ and the number of AQ calculations above the threshold. For reference the reporting data items specified by the pre-existing Change Request XRN4867 is as below:

- MPRN
- Shipper Short Code
- Network Operator
- End User Category
- Confirmation status
- Meter status
- Meter point status
- Site Type
- Rolling AQ effective date
- Rolling AQ
- Meter Link Code
- LDZ
- Meter read frequency
- Previous Rolling AQ
- Formula Year AQ
- Rolling SOQ volume

For the avoidance of doubt, this Modification only proposes to change the ~~G1.6.15~~ qualifying period rules as far as they relate to the Class 1 requirement.

Although the UIG Task Force findings referred only to Class 3 and 4 sites which had breached the threshold for Class 1, this Modification is intended to also apply to Class 2 sites and requires that they are converted to Class 1 on satisfying the revised qualification criteria.

## 6 Impacts & Other Considerations

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

None

### Consumer Impacts

This Modification does not seek to prescribe any change to end consumer billing arrangements, which are at the discretion of the Supplier. Meter points with an AQ above 732,000 kWh should already have a daily reading capability.

### Cross Code Impacts

A similar Modification may be required to IGT UNC. It is not anticipated a SPAA change would be required but we welcome feedback from the Suppliers or the CACoP.

### EU Code Impacts

None

### Central Systems Impacts

CDSP systems will need to be changed to identify sites which have met or are approaching the qualifying threshold and to produce the additional reports.

An internal Change Request (XRN4867) has already been raised to automate the monthly reporting of EUC09, categorised as Red/Amber/Green against the UNC obligations.

## 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.	Positive
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.	Positive
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 main impacted objective is d). The Use of Class 1 instead of Classes 2, 3 and 4 for the largest sites in the market would lead to greater accuracy of daily allocation, less UIG volatility and lower levels of subsequent meter point reconciliation.

The Modification also has positive benefits for a) and b) as ensuring daily visibility of consumption from the largest loads on the system would improve the operation and coordination of the pipe-line systems and allow more informed capacity planning.

## 8 Implementation

After a Modification Panel decision to implement, subject to no Appeal being raised, the CDSP would need to confirm the delivery for the provision of the required reports. However, the change to the qualifying period could be implemented with immediate effect if desired, or subject to a soft landing if so agreed.

## 9 Legal Text

### Text Commentary

Legal text to be provided.

## 10 Recommendations

### Proposer's Recommendation to Panel

Panel is asked to:

- Agree that self-governance procedures should apply
- Refer this proposal to a Workgroup for assessment.