

UNC Final Modification Report	At what stage is this document in the process?
<h1>UNC 0691S:</h1> <h2>CDSP to convert Class 2, 3 or 4 Supply Meter Points to Class 1 when G1.6.15 criteria are met</h2>	<div style="display: flex; flex-direction: column; gap: 5px;"> <div style="border: 1px solid #00a651; border-radius: 5px; padding: 5px; display: flex; align-items: center; gap: 5px;"> <span style="background-color: #00a651; color: white; border-radius: 50%; padding: 2px 5px;">01</span> Modification         </div> <div style="border: 1px solid #0070c0; border-radius: 5px; padding: 5px; display: flex; align-items: center; gap: 5px;"> <span style="background-color: #0070c0; color: white; border-radius: 50%; padding: 2px 5px;">02</span> Workgroup Report         </div> <div style="border: 1px solid #8e44ad; border-radius: 5px; padding: 5px; display: flex; align-items: center; gap: 5px;"> <span style="background-color: #8e44ad; color: white; border-radius: 50%; padding: 2px 5px;">03</span> Draft Modification Report         </div> <div style="border: 1px solid #f39c12; border-radius: 5px; padding: 5px; display: flex; align-items: center; gap: 5px;"> <span style="background-color: #f39c12; color: white; border-radius: 50%; padding: 2px 5px;">04</span> Final Modification Report         </div> </div>
<p><b>Purpose of Modification:</b></p> <p>This Modification proposes that where the requirement for a Class 2, 3 or 4 Supply Meter Point has met the requirement to become Class 1 because its AQ has exceeded 58,600,000 kWh for the duration specified in G1.6.15 and the Shipper has not converted it to Class 1 by 20 Supply Point System Business Days (SPSBD) after the existing deadline (2 months after Class 1 Read Requirements have been met) then the CDSP will convert the Supply Meter Point to Class 1.</p> <p>The Modification also proposes new Performance Assurance Committee (PAC) reports (with corresponding anonymised reports) in the Performance Assurance Report Register (PARR) of Supply Meter Points not in Class 1 that are above the Class 1 AQ threshold, and of Supply Meter Points that have been reclassified to Class 1 by the CDSP over the previous 12 months.</p>	
	<p>The Panel determined that this Self-Governance Modification be implemented</p>
	<p>High Impact: None</p>
	<p>Medium Impact: Shippers, CDSP, DM Service Providers</p>
	<p>Low Impact: Gas Transporters, affected End Consumers</p>

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Timetable			
<b>The Proposer recommends the following timetable:</b>			
Initial consideration by Workgroup	29 April 2019		
Workgroup Report presented to Panel	16 July 2020		
Draft Modification Report issued for consultation	16 July 2020		
Consultation Close-out for representations	07 August 2020		
Final Modification Report available for Panel	10 August 2020		
Modification Panel decision	20 August 2020		
Workgroup Supplemental Report Presented to Panel	15 October 2020		
Modification Panel decision	15 October 2020		

## 1 Summary

### What

This Modification proposes that the CDSP is given an obligation to convert Class 3 and 4 Supply Meter Points to Class 1, where they have met the Class 1 qualifying criteria but have not been actioned by the Shipper within a set time frame. The intention is to limit the time period when sites that meet the Class 1 Requirement are subject to Non-Daily Metered (NDM) Demand Estimation, as opposed to being Daily Metered.

For the avoidance of doubt this proposal envisages a similar obligation for Class 2 Supply Meter Points which have met the Class 1 criteria, even though they are already daily metered. This would ensure that all Supply Meter Points that meet the Class 1 Requirement have consistent DM Meter Reading arrangements with respect to read submission timings and central service provision.

### Why

The Unidentified Gas (UIG) Task Force (as established by UNC Modification 0658) has determined that Supply Meter Points that meet the Class 1 Requirement 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 NDM Demand Estimation Algorithm rather than using their actual metered consumption.

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

As at November 2019 15 sites with an AQ equivalent to almost 0.5% of total national LDZ throughput had fully met the qualifying criteria for Class 1 but were still in Product Class 2 to 4. The true contribution to daily or annual UIG will not be known until they are converted to Product Class 1 but based on the findings of the UIG Task Force they could be contributing around 0.1% of throughput to daily volatility of UIG nationally, and a much greater proportion in the LDZ in which they are situated.

Contact with individual Shippers by the CDSP regarding their own sites (plus anonymous reporting at PAC) has shown some improvements, but there is an ongoing churn of new sites crossing the threshold and meeting the criteria, which requires continued vigilance and co-operation from Shippers.

Measures to shorten the period between qualification and conversion to Class 1 would help to reduce daily UIG volatility. Including existing Class 2 Supply Meter Points which have met the Class 1 criteria even though they are already daily metered would ensure that all Supply Meter Points that meet the Class 1 Requirement have consistent DM Meter Reading arrangements with respect to read submission timings and central service provision.

This should help to reduce the volatility of UIG between D+1 and D+5.

### How

This Modification proposes that after the qualifying period for the requirement for a Supply Meter Point to become Class 1 is met, where the Supply Meter Point is currently Class 2, 3 or 4, and the Shipper has not converted the Supply Meter Point to Class 1 within 20 Supply Point System Business Days after the existing required timeframe, then the CDSP will reclassify the Supply Meter Point to Class 1 and advise the relevant Shipper of the changes.

Whilst the Transporters retain the sole responsibility for installation of daily reading equipment, where this is not already in situ, Shippers should cooperate in all necessary steps to facilitate the installation of Daily Read Equipment.

This Modification also seeks to introduce an additional report to Performance Assurance Committee (PAC) (and a corresponding anonymised report) in the Performance Assurance Report Register (PARR) of the count and aggregate AQ of Supply Meter Points where the CDSP is in the process or has completed work to convert to Class 1 or where the Shipper has reclassified, over the previous 12 month period.

**Note:** a separate UNC Modification proposal (UNC 0690) which has now been approved, has reduced the qualifying period for Class 1.

## 2 Governance

### Justification for Self-Governance

This Modification is recommended for self-governance, 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 (Shipper Licence Special Condition 12).

Modification panel determined in April 2019 that this Modification should be subject to Self-Governance status. The criteria for Self-Governance are met as this Modification is unlikely to impact competition or consumers.

### Requested Next Steps

This Modification should:

- be considered a non-material change and subject to self-governance
- Proceed to consultation

## 3 Why Change?

Where the Class 1 Requirement applies it has been identified that Shippers are failing to correctly reclassify such Supply Meter Points for extended periods. This Modification seeks to ensure that this period is finite, as the CDSP will reclassify the Supply Meter Points on the Shipper's behalf where they fail to do so themselves.

Where there is a delay in reclassifying a Class 3 or 4 Supply Meter Point to Class 1, they will be subject to NDM Allocation based on a standard national profile, rather than being allocated energy based on its actual daily usage. Inclusion of existing Class 2 Supply Meter Points that meet the Class 1 Requirement is proposed as the timescales for Meter Reading submission and increased performance under Class 1 will lead to a greater number of actual readings on Gas Flow Day + 1, thus further reducing volatility for such Supply Meter Points.

Based on the findings of the UIG Task Force this issue could be contributing around 0.1% of throughput to daily volatility of UIG nationally, and a much greater proportion in the LDZ in which these Supply Meter Points are situated. The UIG Task Force's publication "3.2.1: Inaccurate / Out of date AQs - Non-Daily Metered EUC09 Sites" provides the details of this analysis.

Contact with individual Shippers by the CDSP regarding their own sites (plus anonymous reporting at PAC) has shown some improvements, but there is an ongoing churn of new sites crossing the threshold and meeting the criteria, which requires continued vigilance and co-operation from Shippers.

## 4 Code Specific Matters

### Reference Documents

UIG Task Force findings - 3.2.1: Inaccurate / Out of date AQs - Non-Daily Metered EUC09 Sites:

<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

### Business Rules

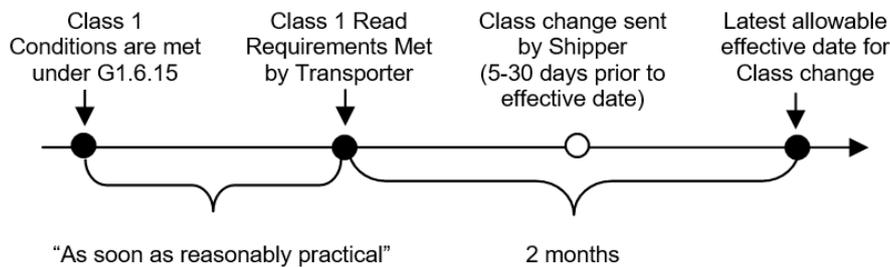


Figure 1: Existing timeline for change to Class 1

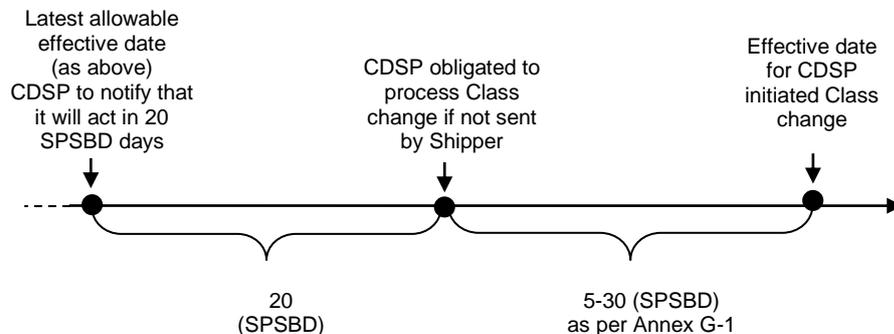


Figure 2: Additional proposed steps for change to Class 1

For the avoidance of doubt, the above timelines in Figure 1 and Figure 2 are intended to provide clarity based upon the existing timescale and also to illustrate the revised timeline described in the business rules below, respectively. No legal text is expected to be produced for the above. This Modification proposes that the CDSP shall reclassify Supply Meter Points that meet the Class 1 AQ requirement (Supply Meter Point AQ larger than 58.6m kWh) to Class 1 if the Shipper does not do this.

In summary, where a Class 2, 3 or 4 site meets the qualifying conditions to become Class 1 through reason of an AQ exceeding the Class 1 threshold of 58.6m kWh, subject to G1.6.15, and where the Shipper does not meet its obligation to convert the meter point to Class 1 by 20 Supply Point System Business Days (SPSBD) after the existing deadline of 2 months after Class 1 Read Requirements have been met (for clarity the Class 1

Read Requirements are met once Daily Read Equipment is established on site), the CDSP will commence a process to do so on the Shippers behalf.

In more detail, the proposed sequence of events is:

1. The CDSP should notify both the Shipper and relevant Transporter immediately upon a site meeting the Class 1 qualifying conditions under G1.6.15, as well as any DM Services Provider appointed by the relevant Transporter of the same. For the avoidance of doubt, this obligation is currently discharged by the T04 record in the NRL – AQ WC Notifications which goes to Shippers from the CDSP where there has been an AQ amendment, and within the NNL – AQ notification which goes from the CDSP to Transporters.
2. As per existing code requirements (G1.5.5) – the Class 1 Meter Read Requirements should be met “as soon as reasonably practical” by the Transporter. Shippers should cooperate in all necessary steps to facilitate the installation of Daily Read Equipment.
3. Also, per existing code requirements (under G1.11.2b), once the Class 1 Meter Read Requirements are met, the Shipper must reclassify the Supply Meter Point as Class 1 with an effective date within 2 months of the requirements being met (noting that effective dates may be between 5 to 30 Supply Point System Business Days after the reclassification processing date).
4. Once the Shipper is in breach of the above, the CDSP will notify the Shipper as soon as the non-compliance becomes clear, highlighting that the Shipper has a timeframe of 20 Supply Point System Business Days (SPSBD) from the date of notification to reclassify to Class 1 before the CDSP will do so on the Shipper’s behalf.
5. The notification by the CDSP should also provide a request for a Supply Point Capacity and Supply Point Offtake Rate. If either or both of these values are not provided, then the CDSP should in place of the missing values use default values as outlined in the ‘Default values for transfer’ section). If the shipper reclassifies the site within the 20 SPSBD period, these requested values are no longer required to be supplied.
6. Once the timeframe in business rule 4 expires the CDSP shall submit the reclassification on the relevant Shipper’s behalf

Existing obligations apply to the Transporter regarding the satisfaction of the Class 1 Meter Read Requirements, and to the Shipper User to facilitate access to enable them to do so.

For the avoidance of doubt, once the site has met the Class 1 requirement (including the period defined in G1.6.15), any incoming Shipper User will only be able to take on the Supply Meter Point within Class 1.

## **Default Values for Transfer**

Where the requested Supply Point Capacity and requested Supply Point Offtake Rate is not provided by the Shipper, or if the supplied values fail existing validation, the following business rules for default values should apply:

Where the site is currently Product Class 2 the CDSP should use the Prevailing Supply Point Capacity and Supply Point Offtake Rate values for the site.

- For sites currently in Product Class 3 or 4 the existing NDM Supply Point Capacity derived from the AQ should be used (as referenced in Section B4.3) as the Supply Point Capacity and a default value of one twelfth of the Supply Point Capacity should be used for the Supply Point Offtake Rate.
- Where only one value is provided – the estimate will apply for the other value.

## 6 Impacts & Other Considerations

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

No impacts have been identified; however, it is worth noting, that the Legal Text drafting is based on Modification 0708S which was implemented at the May UNC Panel Meeting but will have an effective date in line with UNC IGT 137 timescales

### Consumer Impacts

The Workgroup concluded that 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 (Shipper Licence Special Condition 12).

### Cross Code Impacts

For the avoidance of doubt the intention is for this proposal to also apply to Supply Meter Points on IGT Networks. Following discussion with IGT UNC, it was agreed by Workgroup and the Legal Text Provider that the published Legal Text on 17 June 2020 will be revised to ensure that this Modification will not impact on IGT

The Workgroup believe that a SPAA change would not be required

### EU Code Impacts

None identified

### Central Systems Impacts

CDSP systems will need to identify sites which have met or are approaching the qualifying threshold and to produce the additional reports and notifications to Shippers and DMSP. The CDSP will need to establish processes to undertake the conversion to Class 1.

A change to the Data Services Contract will also be required, as well as a charging methodology. It is envisaged that the relevant Shipper would bear any specific CDSP costs of converting the Supply Meter Point to Class 1, including any administration costs.

An outline of the proposed service line changes to the Data Services Contract is below. The relevant Shipper should bear any specific CDSP costs of converting the Supply Meter Point to Class 1, including any administration costs. A Change Proposal (XRN 5038) has been raised to ensure requirements are fully captured.

Please note, the below is an indication of the proposed changes, not the final version.

<b>Part E Specific Services - Service Area 22</b>		
<b>Reference</b>	SS SA22 <i>tbc</i>	SS SA22 <i>tbc</i>
<b>Service Requirement Description</b>	Notification to the Registered User that the CDSP believes that it is in breach of its obligation under G1.11.2 to reconfirm a Class 2, 3 or 4 Supply Meter Point as Class 1, and request the Registered User to make a Supply Point Reconfirmation or Supply Point Amendment (as	Conversion of Class 2, 3 or 4 Supply Meter Point to Class 1 in accordance with [G1.11.7] including liaison with the relevant Transporter and notification to the Registered User.

	appropriate) in respect of the Supply Meter Point or to provide details of why no such measure is required.	
<b>Service Requirement Trigger</b>	CDSP becomes aware that a Supply Meter Point has fully met the requirements to be reconfirmed as Class 1.	More than 20 Supply Point Business Days have elapsed since the notification to the Registered User that a Class change is required, and the Shipper has not initiated a Class Change or provided details of why no such measure is required.
<b>Service Requirement Output</b>	Notification to the Registered User of the relevant Supply Meter Point, with the reasons for the CDSP's assessment, and a request to reconfirm the Supply Meter Point as Class 1 within 20 Supply Point Business Days.	Supply Meter Point has been changed to Class 1, liaison with Transporter (if required) with regard to installation of Daily Read Equipment and Registered User notification. Necessary data items e.g. Supply Point Capacity, Supply Point Offtake Rate have been provided to UKLink in line with Business Rules.
<b>Time for delivery of service requirement</b>	As soon as reasonably practicable	As soon as reasonably practicable
<b>How service requirement delivered</b>	[Email]	Update to CDSP records
<b>Corresponding UNC requirement</b>	TPD Section G1.11.6	TPD Section G1.11.1 (c)
<b>Other corresponding requirement</b>		
<b>Service volume constraints (none unless stated)</b>	None	None
<b>Performance standard</b>		
<b>KPI category (1-4)</b>		
<b>Corresponding obligation needed for delivery (Customer Responsibilities)</b>	None	Provision of Prevailing Supply Point Capacity, Prevailing Supply Point Offtake Rate and Meter Reading in accordance with G1.11.17 on request from the CDSP.
<b>Charging Measure</b>	None	Per completed Class Change
<b>Charging period</b>	None	As and when required
<b>Change references to Service Description Table (note this does not form part of the Service Description Table)</b>	<b>Source:</b> Mod 0691	<b>Source:</b> Mod 0691
	<b>Version:</b>	

This Modification also seeks to introduce an additional report to PAC (and a corresponding anonymised report) in the PARR of the count and aggregate AQ of Supply Meter Points where the CDSP is in the process or has completed work to convert to Class 1 or where the Shipper has completed the reclassification themselves, over the previous 12 month period. Note that reporting from an earlier XRN (4867) is already in place to

provide visibility on sites due to trigger the Class conditions – the proposed additional PARR reports are shown in Appendix 1.

## **Rough Order of Magnitude (ROM) Assessment**

CDSP are recommending that in future that the XRN will not be assigned to the ROM externally. For avoidance of doubt, XRN 4867 ROM was submitted in relation to the original costs. However, the Change Proposal XRN 5038 is the official Change Proposal for this Modification.

The ROM originally provided has changed significantly and these changes are now reflected in the Solution Section of this Modification.

CDSP are working through the Change Proposal and a High-Level Solution impact assessment will be developed and provided.

DSC Change Management Committee will consider this further and decide whether a manual or an automated solution is best. CDSP advised workgroup that an automated Class Change Tool will be delivered in November 2020 UK Link release and depending when this Modification is implemented this Modification will use the same solution. CDSP are looking at utilising DDP Platform for the reporting element however different options will be assessed.

## **Related Modifications**

For the avoidance of doubt, this Modification does not propose to change the qualifying rules in G1.5 and G1.6 as far as they relate to the Class 1 requirement, as that was be subject to a separate Modification proposal (Modification UNC 0690S Reduce Qualifying Period for Class 1 which was implemented on 25 March 2020).

## **Workgroup Impact Assessment**

### Background

This Modification was raised in April 2019 following the UIG Task Force discussions which had identified a small number of very large NDM (Class 4) sites which were above the Class 1 threshold. The risk being that sites operating as Class 4 could do so for up to 18 months if meter reads were not frequent causing UIG volatility. An interim Workgroup report was presented to Panel in February 2020 requesting further assessment to be returned to Panel by 21 May 2020, then in June 2020 a further extension was granted to July 2020 Panel to carry out a final review of the Workgroup Report based on V11 of the Modification

### Workgroup Discussions

CDSP provided options to workgroup participants on how this could be managed noting that the timescales associated in UNC Section G.1.6.15 were being reduced under Modification 0690S – Reduce qualifying period for Class 1. The aim of this was to limit the time period when very large sites are subject to NDM Demand Estimation, as opposed to being Daily Metered. Modification 0690S was implemented on 25 March 2020. This is also monitored closely by the Performance Assurance Committee (PAC) by the development of new reports.

Workgroup participants discussed recommendations presented by the CDSP where Shippers had not taken action within an agreed qualifying period and would convert Class 3 or 4 meter points to Class 1 when UNC Section G.1.6.15 criteria are met.

The original scope of the Modification excluded Class 2, however when this was addressed by a Workgroup Participant on what the rational was, it could not be justified and was later included in a revised version of the Modification in July 2019. At the same time, the CDSP provided a Rough Order of Magnitude (ROM) with two potential options: an Automated and Manual solution. Some Workgroup participants felt that this was

developed too early when the Modification had not been fully developed. However, the Proposer had a preference of the Manual Solution.

The Legal Text provider raised several questions during the development of the Modification which was felt had not been fully captured in the solution to aid clarity in Legal Text drafting.

- What would happen if the CDSP did not have SHQ or SOQ?
- Class 1 sites are subject to Ratchet Charges so the SOQ would need to be correct.
- Criteria for Class 1 should be set out clearly in Code and referenced.
- Procurement of contract with Service Provider to install DM equipment needs to be reviewed captured in Mod 0694R.
- Are changes to the Data Services Contract required?
- How costs will be passed onto Shippers from the CDSP and this should be clearly defined in Solution.
- Grace Period needs defining and set out in Business days or Supply Point business days.

Workgroup participants discussed the above and agreed that the Proposer and CDSP would discuss offline and capture this in the solution/Business Rules.

A Workgroup participant questioned IGT UNC impacts. The Proposer advised Workgroup that the IGT UNC referred to the appropriate sections within the UNC and therefore this was not a requirement. However, following further discussions it was identified once the Legal Text had been drafted that an IGT Housekeeping modification would be required, this is captured under the cross code impacts section of this report. The Proposer also noted that a Change Proposal would be raised for specifying the requirements of a PARR Report.

A review of the Legal Text concluded that the Modification was not stable and that various iterations were made to the Modification and reviewed by Workgroup to provide clarification and address the points raised above and these were captured in the Business Rules; to include a Process Flow Diagram of the overall process in relation to the CDSP's responsibilities, existing and proposed changes to timeline and following a request from Workgroup to provide more clarity on the process behind Class 1.

A Workgroup Participant pointed out that the biggest issue was getting equipment installed on site due to access restrictions and that the timelines suggested by the Proposer could be challenging to enable CDSP to effect the change. Other workgroup members also agreed. The Proposer noted that this Modification does not impose a timescale for getting meter equipment installed.

### **Update for February 2020 Panel**

An interim Workgroup report was presented to Panel in February 2020 requesting further assessment to be returned to Panel by 21 May 2020, a further extension was granted to present to June 2020 Panel.

The Legal Text provider highlighted to Panel Members that the Legal Text had been provided on time but due to further updates to the Modification wanted to bring this to Panel's attention that any further delay of Legal Text is as a consequence of these changes.

### **Further Assessment during Workgroup**

A Workgroup Participant requested confirmation on the number of sites impacted where DN Read equipment was already installed. CDSP confirmed that as at November 26 only 15 sites fell into this category. A Workgroup Participant discussed how Transporters would be informed if DM equipment would need to be installed. Workgroup also discussed including a DSC Service Line.

Some Workgroup Participants noted that the existing process whereby the Shipper notifies the Transporter via the nomination referral process and the Transporter has various tasks to perform, some related to any Network

Exit Arrangements (NExA) in existence. Some Workgroup Participants expressed concern that this process could effectively be bypassed and that there should be some mechanism whereby the nomination referral process should be carried out in some way. See TPD Section G 2.3.4. There was some question as to whether TPD Section G 1.11.7 impacts TPD Section G 2.3.4 (nomination/reconfirmation). The Proposer was comfortable that there would be no impact caused by this modification, as any increases in capacity at a Supply Point would have occurred prior to the point that this solution is invoked.

Workgroup and the Proposer considered the potential overlap with *Modification 0710 CDSP provision of Class 1 read service*, in relation to Transporter Daily Read equipment. The Proposer felt that this Modification was mutually exclusive, however it was recognised that if Modification 0710 is implemented before Modification 0691S, caution would be required to ensure elements of Modification 0710 are not overwritten by Modification 0691S. It was confirmed that Mod 0710 would be presented to September UNC Panel.

Workgroup and the Legal Text provider felt that Legal Text was requested too early as the Modification solution was not stable and changes were still being updated by CDSP and the Proposer to incorporate the detailed procedure into the solution. The initial solution sought only to confer the right to the CDSP to transfer a Supply Point to Class 1 when the relevant conditions are met (with detailed procedures to be expanded on in the DSC Delivery change process).

The Proposer advised the Workgroup that the CDSP had provided further comments on the draft version of the Legal text given the lessons learnt from *Modification 0665 – Changes to Ratchet Regime*, and felt it was necessary to review these comments and the impacts to the Modification and Solution before proceeding

The Legal Text Provider raised various questions on two of the drafting notes to the Proposer and it was agreed that these would be updated in the Modification to ensure consistency.

A Workgroup participant also questioned Business Rule 1, whereby the CDSP already notified the Shipper and relevant Transporter and felt this needed to be made more explicit to say 'Should' notify the Shipper and Transporter, respectively. CDSP also addressed various questions to the Workgroup

Workgroup concluded that further development of the Modification is required to ensure that the solution and Legal Text are fully aligned.

During the May 2019 Workgroup, the draft Legal Text provided by SGN was reviewed. This was based on V9 of the Modification, capturing the Proposers changes to the Business Rules following a discussion with the Legal Text Provider and CDSP. The Workgroup Report was further developed and agreed. All points of Legal Text were reviewed, however there was further review needed by the Lawyer relating to 2.28 and 2.11. Workgroup agreed the iterations to the Business Rules during the meeting and a request was made to the Proposer to provide an updated V10 of the modification to align these changes to the Workgroup Report. This update was provided by the Proposer on 20 May.

Workgroup requested that SGN provide an updated version of the Legal Text by email to allow a review of these changes to ensure they meet the intent of the solution. Workgroup were satisfied that if no major changes to the Legal Text were required, that the Legal text could be approved by the Workgroup over email and could be published and submitted for Panel for consultation.

However, it was also noted that if any changes received were significant a further review would be required at the June UIG meeting. Therefore, a request was made to request an extension to July at the May Panel meeting to allow for this review if required.

Through discussions with the Legal Text provider and the CDSP further minor changes were made by the Proposer, with V11 of the Modification provided on 1 June. Corresponding Legal Text and Explanatory Text were provided on 2 June.

During the June UIG Workgroup it was identified through a late submission from UNC IGT that an IGT UNC impact was identified on the current version of Legal Text published. It was agreed that the decision would be made offline as to whether an IGT Modification was required or if the Legal Text for 0691 could be amended. Following agreement with the Proposer, UNC IGT and Legal Text Provider, it was agreed that the published Legal text dated 17 June 2020 will be revised to ensure that the re-numbering is changed and is aligned to IGT UNC to avoid any impact or requirement for an IGT UNC Modification to be raised.

Workgroup agreed the Legal Text and the revised Modification during the June UIG Meeting and agreed that if the Legal Text was revised that they would support the revised renumbering as this would not change the context of the Legal text

Workgroup recommends UNC Panel, that this Modification should:

- proceed for consultation based on the timeline proposed in the Modification and that the Legal Text and Legal Text Commentary is published alongside the Draft Modification Report ahead of issuing to consultation; and
- be Self Governance.

Following consultation of 0691S UNC Panel in August recommended that this report should be assessed further by Workgroup to address the questions raised during the consultation. Appendix 14 of this report provides a Supplemental Report to address this with recommendations.

## 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.	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

The main impacted relevant 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) 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.

Workgroup Participants concurred with the Proposer's assessment in relation to the main relevant objective d) and noted that benefits associated with a) would be to a much smaller degree.

## 8 Implementation

After a Modification Panel decision to implement (subject to no Appeal being raised) the CDSP would need to confirm the delivery timescales for the changes to processes and systems subject to approval by the DSC Change Management Committee. In determining the implementation timescale, the impacts of COVID-19 should be considered in terms of the restrictions on the site visits required to install metering equipment.

A Change Proposal has been raised (XRN 5038) to ensure requirements are captured and assessed.

## 9 Legal Text

Legal Text has been provided by SGN, for consideration by the Workgroup prior to completion of this report. Legal Text has been provided with 0708S Legal Text. It is recommended that Modification 0691S Legal Text if implemented is amended after Modification 0708 effective date which will be aligned with IGT137 timescales. (Implementation date has been confirmed to be 05:00 on 24 July 2020)

### Text Commentary

Legal Text Explanatory Table has been published alongside the Workgroup Report.

### Text

The Legal Text has been published alongside the Workgroup Report and will be available during consultation.

*Please note that amended legal text to correct typographical errors identified within the consultation responses was published alongside this Final Modification Report (limited to corrections to TPD Section G, paragraphs 2.2.8(a) & (b), 2.2.9(a) and 2.2.10(b)).*

## 10 Consultation

Panel invited representations from interested parties on 17 July 2020. The summaries in the following table are provided for reference on a reasonable endeavours' basis only. It is recommended that all representations are read in full when considering this Report. Representations are published alongside this Final Modification Report.

Of the 6 representations received 4 supported implementation and 2 were not in support.

Representations were received from the following parties:

Organisation	Response	Relevant Objectives	Key Points
British Gas	Support	a) - positive d) - positive	<ul style="list-style-type: none"> <li>• Supports the Modification. 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.</li> <li>• Believes that the legal text delivers the intent of the solution.</li> <li>• Points out a small typo in 2.2.10 b): “faciliate” – should be facilitate.</li> <li>• Believes that the proposal meets its objectives in two ways: <ul style="list-style-type: none"> <li>○ through delivering reporting, communication and process improvements that will ensure all relevant parties are aware of the need for a</li> </ul> </li> </ul>

			<p>supply point to move to Class 1; and</p> <ul style="list-style-type: none"> <li>○ through establishing the obligation under the UNC for the CDSP to apply the class change. The CDSP will add a service line for this intervention to allow for cost recovery, which will incentivise shippers to proactively manage the process to completion.</li> </ul> <ul style="list-style-type: none"> <li>● Acknowledges that some complexity in the process would remain, which will be further addressed once the CDSP takes over the Class 1 read service (as proposed in UNC Modification 0710).</li> <li>● Notes that an important step in the process requires shippers to facilitate site access to ensure the installation of the required daily meter reading equipment. The proposal adds obligations on shippers (under 2.2.10) to use all reasonable endeavours to assist and facilitate the discharge the obligations on Transporters, the CDSP or others. This requirement could be made firmer in the future, for example, through a potential Modification to add appropriate financial measures under the performance assurance arrangements.</li> <li>● Believes that the Modification represents a positive incremental step that should be taken as soon as possible to address the 15 sites (as at Nov 19) with an AQ equivalent to almost 0.5% of total national LDZ throughput had fully met the qualifying criteria for Class 1 but were still in Product Class 2, 3 or 4 (plus the ongoing churn of new sites crossing the threshold and meeting the criteria).</li> <li>● Notes that while current efforts by the CDSP to contact shippers has shown some improvement in getting these sites into Class 1, the proposed process and reporting improvements developed during the workgroup represent incontrovertible changes to take forward. And although more can be done in the future, British Gas believe the proposed additional code obligations on the CDSP and shippers will be sufficient to motivate the required cooperation in the majority of cases.</li> </ul>
E.ON	Support	a) - positive d) - none	<ul style="list-style-type: none"> <li>● Agrees that the Modification will incentivise Shippers to accelerate the movement of qualifying sites into class 1 where they qualify.</li> </ul> <p>This will have benefits of increasing read submissions, improving daily allocation, meter point reconciliation and Unidentified Gas (UIG) calculations. Also supports the inclusion of new PAC reports in the PARR as this will provide awareness for Shippers ensuring that the PAC can</p>

			<p>give appropriate consideration to compliance, for example Shippers who consistently default when G1.6.15 criteria is met.</p> <ul style="list-style-type: none"> <li>• Believe that the proposal causes material impacts to new consumers but instead seeks to enforce existing rules in the UNC when sites are class 1.</li> <li>• Believe that Shippers will have system impacts as a consequence of this change, therefore E.ON believe implementation should be in line (and no earlier than) XRN 5038 implementation. This should also be aligned to a major release.</li> <li>• Anticipates some costs are required for this modification but are not anticipated to be large scale, a more detailed assessment is expected through the development of XRN 5038.</li> <li>• No comments on the legal text as the refined text stops the need for an IGT UNC Modification which E.ON support, and the text needed to incorporate the implementation of 0708S.</li> </ul>
Engie	Support	n/a	<ul style="list-style-type: none"> <li>• Supports the Modification as it aims to target MPRNs which have not been transferred to Class 1 where the MPRN meets the criteria.</li> <li>• Believes this will have a positive impact on UIG across the industry as the sites affected take up such a high portion of the overall percentage of UIG across the industry.</li> </ul>
Northern Gas Networks (NGN)	Oppose	Does not further any Relevant Objective and f) - negative	<ul style="list-style-type: none"> <li>• Agrees with the principle of the CDSP moving sites into Class 1, when a Shipper User has failed to do so under their code obligations, however, feel the practicalities of this do not enable the intention of the Modification proposal to be fulfilled.</li> <li>• Advises that before a site can be moved into Class 1 it must have the required equipment installed. This requires the Shipper User to provide contact details to enable site access. The Shipper is the only UNC party that can request and provide these details. This part of the process is where the majority of delays seem to take place.</li> <li>• Notes there are a number of complex steps, including the site access and actual install, that need to happen before the Shipper can physically move the site into Class 1, therefore, having completed all of these steps, it is unlikely the Shipper would then fail to complete the simple final step. It is only this final late step in the process where the practicalities of this Modification proposal allow CDSP to step in, and therefore is unlikely to be needed. As it is the</li> </ul>

			<p>earlier part of the process that delays sites being placed into Class 1, once they reach the threshold, this would often prevent the CDSP from fulfilling their obligation introduced under Modification 0691S.</p> <ul style="list-style-type: none"> <li>• Believes this adds a new obligation onto the CDSP, both watering down the original one on the Shipper, whilst leaving the Shipper as the only party that can facilitate the install, in turn preventing the CDSP from fulfilling the new obligation. Therefore, NGN feel that it does not further any of the relevant objectives, and is negative against f) Promotion of efficiency in the implementation and administration of the code.</li> <li>• Notes that if Modification 0710 is approved, the relationship between the DMSP and CDSP will be direct, and a review of the process and legal text around the steps for a site to become Class 1 are already being looked at as part of this proposal. The changes proposed to be introduced by Modification 0710 – CDSP provision of Class 1 read service, should facilitate improvements and would be the ideal opportunity for a new review to consider whether additional code changes, including CDSP intervention, can be facilitated and are required.</li> <li>• Believes the Modification does not have any material impact as it is only seeking to build on existing obligations in code. This is further supported by NGN's conclusion that it cannot enforce either the existing or transferred obligations. Therefore, it does not meet the criteria for Authority Direction.</li> <li>• Does not believe the Modification would have any effect without additional rights of access being introduced, or at least the introduction of a direct relationship between CDSP and DMSP (Modification 0710).</li> <li>• Understands there are a number of process changes and additional reporting elements included in the Modification 0691S proposal which could still be introduced regardless of whether this modification is approved. NGN believe these add improvements and should be independently progressed if 0691S is rejected.</li> <li>• Has identified no analysis or development required and no additional costs incurred as a result of this proposal.</li> <li>• Believes that the legal text provided could deliver the solution set out in the Modification from a code perspective, however, as stated, due to process and contractual relationships, the solution may fail to be fully utilised as designed and even introduce obligations that cannot be</li> </ul>
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			<p>fulfilled.</p> <ul style="list-style-type: none"> <li>• Also finds the legal text to be very detailed rather than principled, leading to potential dual governance with existing text in UNC TPD, for example, G2.2.7(b) introduced by this Modification contains obligations already included under G2.3.6.</li> <li>• Highlights that there are also the following minor typographical errors: <ul style="list-style-type: none"> <li>○ in 2.2.9 (a) 'CDSP0' should be amended to 'CDSP'</li> <li>○ in 2.2.8 (a) &amp; 2.2.8 (b) Supply Point Business Days should read Supply Point System Business Days</li> </ul> </li> <li>• Has included a draft process map to support this consultation response. This shows how they believe the process would work in practice, with the GOLD section being process and/or obligation being introduced by 0691. NGN add the caveat that this process map is a draft and not all steps have been fully mapped or checked.</li> <li>• Notes that as this map is based on NGN and their DMSP, there will likely be some differences for other DN/DMSP relationships.</li> </ul> <p><i>Please see the published Final Modification Report to view the process map.</i></p>
ScottishPower	Support	a) - positive d) - none	<ul style="list-style-type: none"> <li>• Supports the Modification.</li> <li>• Agrees that any Supply Meter Points that meets the criteria to become Product Class 1 should not be classified as Product Class 2, 3 or 4. This will incentivise Shippers to reclassify the Supply Meter Point where they qualify (G1.6.15) to become Product Class 1.</li> <li>• Believes this change will have a positive impact on UIG and thereby look to reduce UIG volatility across the Industry.</li> <li>• Supports the new PAC reports in PARR as this will provide the Industry with a view of Supply Meter Points that are either not in Product Class 1 that are above the Class 1 AQ threshold or where the Supply Meter Point has been reclassified by the CDSP over previous 12 months.</li> <li>• Supports the self-governance statement. Does not believe this Modification will have a material impact on the end consumer billing arrangement.</li> </ul>
SGN	Oppose	a) - negative d) - negative	<ul style="list-style-type: none"> <li>• Is unable to support the implementation of the Modification.</li> <li>• Understands why the proposer has raised this Modification</li> </ul>

			<p>in order to resolve an identified issue, however, has some concerns around the principle and details of the process proposed by the Modification, and consider it creates some unintended consequential risks:</p> <p><b>Duplicate Obligations</b></p> <ul style="list-style-type: none"> <li>• There are existing obligations in the Uniform Network Code that already require Shippers to move sites into the correct product class (TPD Section G1.5), and therefore SGN believe this Modification creates duplicate obligations. Note that the particular issue which the modification seeks to address is limited to a small number of Supply Points and would therefore again highlight that the existing obligations should be sufficient to address the issue.</li> </ul> <p><b>Process Concerns</b></p> <ul style="list-style-type: none"> <li>• The Modification proposes that where the requirement for a Class 2, 3 or 4 Supply Meter Point has met the requirement to become Class 1 but the Shipper has not converted it to Class 1 by 20 Supply Point System Business Days (SPSBD) after the existing deadline, then the CDSP will convert the Supply Meter Point to Class 1.</li> <li>• Are concerned that the Modification will place an obligation on the CDSP to move Supply Meter Points into product Class 1. As per the standard process, once the Supply Meter Point has been moved into product Class 1, there is then a requirement for DM read equipment to be installed at the Supply Meter Point. As the CDSP does not have a contractual relationship with the end user, this creates the risk that the installation of DM read equipment may become problematic which could result in a negative customer experience.</li> </ul> <p><b>Data Quality Risk</b></p> <ul style="list-style-type: none"> <li>• Notes that the Modification also requires the CDSP to record default or estimate values in the central systems in the event that the requested Supply Point Capacity or the requested Supply Point Offtake Rate is not provided by the relevant Shipper. This creates a data quality risk within central systems, as the CDSP will be recording gas usage for a Supply Meter Point without having the appropriate level of knowledge of the gas usage for the site, and as such values may be under or overstated. It should be noted that this data is relied upon in subsequent processes - for example it could be involved in the application of ratchets – and therefore it is imperative that this data is accurate. There is the risk that the use of default values may result in negative customer outcomes – for example the passing on</li> </ul>
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		<p>of ratchet charges – even if the customer has followed the correct procedures.</p> <ul style="list-style-type: none"> <li>• Believes that the Modification fulfils the self-governance criteria although SGN do note that there could be a consequential risk of moving a site into Class 1 that may mean that customers are subject to ratchet charges, however we would expect Shippers to mitigate this impact by managing the capacity booking correctly.</li> <li>• Following a Modification Panel decision to implement this Modification, the CDSP and DSC Change Management Committee would need to confirm the delivery timescales for the changes to processes and systems. Recognises that a Change Proposal has been raised (XRN5038) to ensure requirements are captured and delivered.</li> <li>• Points out that it is the legal text provider for this Modification.</li> </ul>
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Please note that late submitted representations will not be included or referred to in this Final Modification Report. However, all representations received in response to this consultation (including late submissions) are published in full alongside this Report and will be taken into account when the UNC Modification Panel makes its assessment and recommendation.

## 11 Panel Discussions August 2020

### Discussion

The Panel Chair summarised on 20 August 2020 that this Modification 0691S proposes that the CDSP is given an obligation to convert Class 3 and 4 Supply Meter Points to Class 1, where they have met the Class 1 qualifying criteria but have not been actioned by the Shipper within a set time frame. The intention is to limit the time period when sites that meet the Class 1 Requirement are subject to Non-Daily Metered (NDM) Demand Estimation, as opposed to being Daily Metered. For the avoidance of doubt this proposal envisages a similar obligation for Class 2 Supply Meter Points which have met the Class 1 criteria, even though they are already daily metered. This would ensure that all Supply Meter Points that meet the Class 1 Requirement have consistent DM Meter Reading arrangements with respect to read submission timings and central service provision.

The Modification also proposes new Performance Assurance Committee (PAC) reports (with corresponding anonymised reports) in the Performance Assurance Report Register (PARR) of Supply Meter Points not in Class 1 that are above the Class 1 AQ threshold, and of Supply Meter Points that have been reclassified to Class 1 by the CDSP over the previous 12 months.

Panel Members considered the representations made noting that, of the 6 representations received, 4 supported implementation and 2 were not in support.

Two Panel Members expressed their concern and confirmed they had not supported the Modification in their consultation responses. The Panel Chair invited them to voice their concerns, the following issues were raised in discussion:

- A Panel Member expressed concern about the process and its reliance on industry parties that are not

signatories to the UNC which could cause delays. This is because before a site can be moved into Class 1 it must have the required equipment installed. This requires the Shipper User to provide contact details to enable site access. The Shipper is the only UNC party that can request and provide these details. Northern Gas Networks (NGN) in its consultation response confirmed it did not believe that a change to the UNC would address this issue and suggested that a review of the process is required. NGN believed that the current UNC obligations are sufficient.

- There was a general discussion in relation to the process and the related process flow chart submitted as part of the NGN representation concerning the potential issues related to the installation of DM read equipment being encountered, prior to where this Modification process commences.
- Reasonable endeavours obligations already exist on Shippers under the UNC to support the installation of DM read equipment (this might include providing contact details etc), however this Modification introduces similar reasonable endeavours obligations on the CDSP and therefore dilutes the obligations on Shippers.
- A Panel Member stated that the Legal Text is very detailed rather than principle led which could potentially lead to dual governance issues between the existing text and any text to be introduced by this Modification.
- Panel Members broadly agreed that this Modification provides suitable incentives to ensure sites that meet the Class 1 criteria are moved to that Class. Such actions should lead to improved accuracy of daily allocation, less UIG volatility and lower levels of subsequent meter point reconciliation. It was noted that this should be considered as an improvement to the existing process as it highlights those sites that should be in Class 1 and action is then taken.
- Code specifies that a site is not Class 1 until suitable DM Read equipment has been installed, therefore this Modification changes the process to one where the CDSP declares a site as Class 1 prior to the DM read equipment being installed, therefore the process needs to be aligned.
- Some concerns were raised about whether this Modification would improve the status of the outstanding 15 sites which have not been moved into Class 1 even though they meet the designated criteria.
- A Panel Member noted that UIG and settlement are considered to be Shipper related issues and this Modification aims to make beneficial changes to the DM process that improves overall settlement performance.
- Several Panel Members suggested that PAC reporting would be beneficial and does not require a Modification to implement. This would help to understand the status of the 15 sites. It was suggested that PAC review the 15 sites to establish whether there is any natural cycling of meter points or is it the same 15 sites over a longer period. PAC could also consider if any new obligations are required. The CDSP representative suggested that the CDSP would need the cooperation of the parties involved to understand the issues for individual sites. A Panel Member stated that Modification 0674 – *Performance Assurance Techniques and Control* includes some obligations on third parties and suggested that these could help with engagement issues.

Panel agreed that the Modification should be returned to Workgroup in order to address some of these concerns. Panel Members requested that Workgroup and/or PAC as applicable should consider the following issues and provide a report (as an update to this Final Modification Report) to the October Modification Panel meeting in response to the issues below:

1. Are there any risks posed by any duplicate Obligations in Code?
2. Review the proposed process to understand the impact on the 15 outstanding sites to identify if this process would change their status
3. Will this process have an impact on UIG? Are there any Data Quality risks?
4. Are there any risks posed by not having a direct relationship between CDSP and DMSP?
5. Does this Modification have a dependency on the implementation of Modification 0710 - CDSP provision of Class 1 read service?

## Determinations 20 August 2020

Panel Members voted unanimously that new issues were identified as part of consultation.

Panel Members voted unanimously that Workgroup 0691S should provide a report to the 15 October 2020 Panel, by unanimous vote (14 out of 14).

## 12 Supplemental Report

After consultation of this Modification, at the August 2020 UNC Modification Panel meeting, the consultation responses were reviewed and discussed. Out of the 6 responses received, 2 (who were Transporters) were not in support.

UNC Modification Panel requested that further Workgroup and/or PAC discussion if appropriate, is required for a further month as applicable to consider the following issues and to provide a report (as an update to the Final Modification Report) for consideration at the October Modification Panel with responses to the questions/issues raised.

Interim discussions took place with the Proposer and CDSP in preparation for the Workgroup meeting, noting that further analysis and discussions are required during Workgroup to satisfy the concerns and questions raised.

During the 0691S Workgroup assessment on 29 September 2020, the following questions requested to be discussed by Panel were addressed:-

- **Are there any risks posed by any duplicate Obligations in Code?**

Whilst the Proposer does not believe that there is a change required to Legal Text, they have recommended that there is a need to review the Methodology and subsections in the code to address and validate these concerns and welcomed further discussions from Workgroup. CDSP advised that this question should be with the Transporters and current legal text provider as the owners of the UNC code.

The Proposer provided Workgroup with some areas of code where CDSP take on similar Shipper obligations where the Shipper fails to deliver, which are detailed below:-

### Precedents

- Modification 0665 - B 4.7.21 Where the Transporter designates a Class 2, 3 or 4 Supply Point for the purposes of paragraph 4.7.16, the Registered User shall within twenty (20) Supply Point Systems Business Days of the later of CDSP's notification under paragraph 4.7.16 or the Transporter's rejection of the Registered User's objection in accordance with paragraph 4.7.19(b) submit a Supply Point Amendment to change the Class of the Supply Meter Point

and Supply Point to Class 1 (**failing which the CDSP shall make such amendment to the Supply Point Register and notify the Registered User of such amendment**).

- Other G 4.4.4 Where the User does not comply with the obligation to register such New Supply Meter Point in accordance with paragraph 4.4.3(a) or 4.4.9(a) the User shall be deemed to have granted the CDSP authority to register such New Supply Meter Point on its behalf G 4.6.11 If within the Registration Period or the Extension Period the User does not obtain a Supply Point Confirmation, or has failed to provide a reason as per paragraph 4.6.6, **the User shall be deemed to have granted the CDSP authority to register such Supply Meter Point using the information on the Supply Point Register.**
- G 8.2.4 Where the Relevant Registered User does not submit an appropriate Supply Point Confirmation in accordance with paragraphs 8.2.2(b)(ii) and 8.2.2(d)(ii) above within 1 calendar month of being notified by the CDSP: (a) **the Relevant Registered User shall be deemed to have granted the CDSP authority to register such Supply Meter Point using the information on the Supply Point Register** (except as provided in paragraph (iii)) in relation to such Supply Point as at the date of the Effective Supply Point Withdrawal

One Transporter advised that there is a risk that Shippers may see this as a way of not having to monitor processes internally and believes that the quantity of sites could increase. A Workgroup Participant questioned, if it is a case of not having an incentive in place. The proposer noted that given there is a cost reflective charge from CDSP, there is no financial benefit to shippers by not fulfilling their obligations. Some Workgroup Participants agreed that these charges could improve Shipper behaviour. The Workgroup Participants also noted that, because there is currently not a safety net in place (which this Modification would introduce enabling CDSP to do this on behalf of the Shipper), the introduction of Modification 0691S could instil better behaviour.

CDSP advised that the reclassification is the last stage of the process and Performance Assurance Committee will be reporting on sites incorrectly classified. The backstop would be for CDSP to reclassify the site.

- **Review the proposed process to understand the impact on the 15 outstanding sites to identify if this process would change their status**

CDSP provided the following status confirmation on the current volumes of sites and energy values that should be in Class 1, and advised that as of August 2020 that there were 28 sites (previously this was 15 sites). CDSP confirmed that there are currently 2 sites with DM equipment installed and are awaiting class change to Class 1 that would be picked up directly through this modification. The Proposer advised that the energy value does warrant the change as the 2 sites represented a total of 0.19 TWh of AQ. CDSP also advised that the number of sites could increase in the future and would further increase the energy value.

One Workgroup Participant requested clarification on impacts to IGT sites. CDSP advised that there are 2 IGT sites represented within the 28 reported. One site is within the no equipment installed category and the other is DM installation in progress.

## Status confirmation

The table below details the latest status for the 28 sites which should be within Class 1.

Current Class	Status			
	Awaiting Class Change within UK Link only	DM Equipment installation in progress	Equipment Installed but meter read frequency change to DM is required	No equipment on site, installation required
Class 2	0	0	8	1
Class 3	1	0	0	3
Class 4	1	1	7	6
<b>Total</b>	<b>2</b>	<b>1</b>	<b>15</b>	<b>10</b>
<b>AQ Total</b>	<b>0.19 tWh</b>	<b>0.06 tWh</b>	<b>1.53 tWh</b>	<b>0.62 tWh</b>

As of August when this data was taken, the shortest amount of time in which one of these sites had passed the Class 1 threshold was 2 days. The longest amount of time was 378 days. Across the 28 sites, the average amount of days over the Class 1 threshold was 129 days.

## Summary

- The Registered Users for all 28 sites have been contacted by an Xoserve Customer Advocate to advise them where their site is over the Class 1 threshold and request the relevant sites to be moved to Class 1.
- Both DMSPs advised that instruction to install DM equipment or update currently NDM equipment to DM for any site is expected from the Registered User directly to the DMSP.
- Under the currently proposed Modification 0691 rules, officially only 2 of the 28 sites would be picked up through the process however this equates to approximately **0.19 tWh AQ**.
- If the sites which have a equipment installed which need a simple configuration change to DM read frequency were included, we would pick up an additional 15 sites under the proposed Modification 0691 which equates to approximately **1.53 tWh AQ**.
- As currently drafted, Modification 0691 would not pick up the 10 sites which have no equipment installed at all which equates to 0.62 tWh AQ.
- Although only 2 sites would currently be picked up by Modification 0691, it is possible that the other 26 sites could get to that status.

- **Will this process have an impact on UIG, are there any Data Quality risks?**

The Proposer does not believe there to be any additional risks as shippers do not currently have a relationship with the DMSP. Workgroup discussed the data quality risks highlighted in the consultation and concluded as follows.

The Proposer noted the impact on UIG from sites that move to Class 1 will be that their allocations will be based on their actual reads, resulting in more accurate settlement meaning that UIG will be closer to where it should be.

The Proposer noted that if the site was moved over with the incorrect SOQ or AQ, this could impact Transportation Capacity charges. One Workgroup Participant agreed that if the parameters were incorrect that the Shipper has the opportunity to correct this. SGN noted that a data quality risk would still be valid due to the default values being added by CDSP, whereas if the Shipper updated the

classification to Class 1, this would be deemed to be more accurate. CDSP noted that the default values had been agreed by Workgroup and these were in line with default precedent currently in code. SGN noted that having incorrect values added would result in a further correction to the values.

The Proposer asked how this could be overcome and SGN believes, a higher incentive would be more advantageous.

- **Are there any risks posed by not having a direct relationship between CDSP and DMSP?**

CDSP advised Workgroup that as they do not currently have any contractual agreement in place with the DMSP, an obligation could not be put in Code for the CDSP to formally instruct the DMSP to action something. CDSP noted that Modification 0710S would form that relationship if implemented. As a result, the CDSP believes that this is a risk but it is not specific to this Modification but rather is a risk for the Class 1 process in general. Workgroup had no further comments to add.

- **Does this Modification have a dependency on the implementation of Modification 0710 - CDSP provision of Class 1 read service?**

Modification 0710S-*CDSP provision of Class 1 read service* aims to remove the Transporter obligation to provide a Daily Read service to Shippers for non-telemetered Class 1 Supply Meter Points. This does not affect arrangements for directly connected telemetered Supply Meter Points on Distribution Network Operators (DNOs) or National Transmission System networks. CDSP does not believe that Modification 0691S is dependent on Modification 0710S 'CDSP provision of Class 1 read service' which is currently out for consultation closing on 9th October and due to report to UNC Panel in October. However, the CDSP noted that if 0710S is implemented, then CDSP will take over the contractual arrangement with the DMSP.

As part of the implementation of Modification 0710S it is also proposed that the CDSP would take on a supporting role between DMSPs and Shippers when a site must be moved to Class 1. This change 0691S would help the process, as it would give CDSP the authority to reclassify sites on Shippers' behalf where it had not been done. A Workgroup Participant wanted clarification on what would happen if Modification 0710S is not implemented. Modification 0691S could still progress and will still pick up the current sites that fall into the category. CDSP welcomed views from the proposer of 0710S what further review would be required if the Modification was not implemented that a further review would be required.

The proposer of Modification 0710S also informed workgroup, that currently IGT's do have an obligation to reclassify Class 1 sites, however noted that an equivalent IGT Modification of 0710S is being raised which will mirror the obligations of Mod 0710S.

### **Workgroup Recommendation for Panel:**

The Proposer and Workgroup have discussed and responded to the key questions raised by the Modification Panel in August 2020 at length and would recommend that Panel now review the Supplemental Report and consider a decision on this Modification.

## 13 Panel Discussions October 2020

### Panel Discussions October 2020

On 14 October 2020 the Panel Chair summarised Modification 0691S, explaining that this was sent back to Workgroup by Panel in August 2020 to address questions raised during the consultation. These have been discussed at length during Workgroup discussions and a Supplemental Report has been included in this report (see Section 12 Supplemental Report beginning on page 21) to provide additional information to allow Panel to make an informed decision.

Workgroup requested that all views in the Supplemental Report should be read in its entirety by Panel, the following provides a brief summary:

- Workgroup reviewed the number of sites currently impacted which total 28. A summary is provided within the report with the Energy values related and the current and proposed process.
- Workgroup addressed the question of the dependency of Modification 0710 being implemented, CDSP noted that there is not a dependency on Modification 0710 being implemented, however, if it was, then CDSP would take over the contractual arrangement with the DMSP and that this would only help the process.
- Workgroup discussed the data quality risks and impacts on UIG, this was discussed in great length, the Supplemental report provides viewpoints from all parties, however there was still an element of concern from one Transporter that this would still exist due to the agreed default values and advised that this could be addressed if higher incentives were in place.
- No changes have been made to the Modification Solution or Legal Text by this review and Workgroup request that Panel Members review the Supplemental Report and consider implementation of this Modification.

A Panel Member expressed concern that without Modification 0710S, this Modification would currently only impact 2 sites on implementation. Remaining sites should be impacted by Modification 0710S which should improve the arrangements. However, something is likely to be better than nothing.

A Panel Member noted that two sites are in immediate scope, and the ROM appears to be quite high. The Proposer noted that there are no direct additional costs and the manual intervention would be the solution used which would be cheaper.

The CDSP representative clarified that there are a number of Modifications: 0664V, 0665 and 0691S, all of which require a class change on behalf of the User. CDSP has discussed this with DSC Change Management Committee about the number of Modifications. The manual solution is likely to be used unless Modification 0664V were to be implemented. This matter is still to be discussed at DSC Change Management Committee. Reassurance was sought that an appropriate level of spend on system change would be sought.

The ROM for Modification 0691S indicates an enduring automated solution would cost £40k - £70k and a manual option £7,500 - £50k. At this point in time the expectation of Panel Members is that it should cost at the lower end of the charge range for the manual option.

A Panel Member noted that the transactional costs are recovered from the relevant party.

## Consideration of the Relevant Objectives

Panel Members considered that two Relevant Objectives (a) and (d) are the most pertinent to this Modification, agreeing with the Proposer.

Panel Members noted that not all consultation respondents agreed with the positive impacts on both Relevant Objectives.

Panel Members agreed that the most pertinent Relevant Objective is (d).

Some Panel Members considered **Relevant Objective d) *Securing of effective competition***, agreeing that implementation would have a positive impact because 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.

A Panel Member wanted to note that the default values (eventual derived SOQ and SHQ values) could create negative knock-on consequences (e.g. potential ratchets).

A Panel Member noted that, at the moment, the sites are sitting in an erroneous Product Class, which in itself leads to erroneous figures being derived.

Panel Members considered **Relevant Objective a) *Efficient and economic operation of the pipe-line system***, agreeing that implementation would have a small positive impact because 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.

## Determinations

- Panel Members voted unanimously that no new issues were identified as part of Supplemental Report discussions.
- Panel Members voted with 11 votes in favour (out of a possible 14) to implement Modification 0691S.

## 14 Recommendations

### Panel Determination

Panel Members agreed:

- that Modification 0691S should be implemented

## 15 Appendix

### APPENDIX 1: 4 ADDITIONAL PERFORMANCE ASSURANCE REPORTS (2 ANONYMISED, 2 FOR PERFORMANCE ASSURANCE COMMITTEE USE ONLY)

#### Schedule 2A.x – Industry Peer Comparison View

Report Title	<b>Sites converted from PC 2/3/4 to PC1 by the CDSP as required under G1.11.7, due to meeting the qualifying criteria for PC1</b>
Report Reference	2A.x (reference to be determined following implementation of UNC Modification 691)
Report Purpose	To compare Shipper performance in re-confirming sites to PC1 in line with the obligations in G1.11.
Expected Interpretation of the report results	The aim is to understand whether Shippers are meeting their obligations or whether the CDSP has had to convert sites due to lack of actions from the Shipper within 20 Supply Point System Business Days. The report should identify performance across all market participants.
Report Structure (actual report headings & description of each heading)	<p>Monthly non-cumulative report</p> <p>Peer Comparison Identifier</p> <p>Product Class</p> <p>Count of supply points which the Shipper has moved to Class 1 during the month</p> <p>Count of supply points which the CDSP has moved to Class 1 during the month</p> <p>Industry Total</p>
Data inputs to the report	<p>SSC</p> <p>Peer Comparison Identifier</p> <p>Product Class</p> <p>Count of sites converted by the Shipper and the CDSP (reported separately)</p>
Number rounding convention	Whole numbers
History (e.g. report builds month on month)	A Rolling 12 month view, provided monthly
Rules governing treatment of data inputs	Sites are counted if they became live as Class 1 on any date in the calendar month.

(actual formula/specification to prepare the report)	The report is prepared as soon as possible after the end of the calendar month
Frequency of the report	Monthly
Sort criteria (alphabetical ascending etc.)	Peer Comparison Identifier alphabetically
History/background	Requirement introduced to support UNC Modification 0691 obligations
Additional comments	
Estimated development costs	
Estimated ongoing costs	

Supply Points converted to PC1 by the Shipper and the CDSP (in accordance with UNC obligations in G1.11)							
	Month x		Month x + 1		Month x + 2		Etc for 12 months
Converted by	Shipper	CDSP	Shipper	CDSP	Shipper	CDSP	
Identifier A	0	0	0	0	0	0	
Identifier B	0	0	0	0	00	0	
etc							
Total	0	0	0	0	00	0	

## Schedule 2B.x – Performance Assurance Committee View

Report Title	<b>Sites converted from PC 2/3/4 to PC1 by the CDSP as required under G1.11.7, due to meeting the qualifying criteria for PC1</b>
Report Reference	2B.x (reference to be determined following implementation of UNC Modification 691)
Report Purpose	To compare Shipper performance in re-confirming sites to PC1 in line with the obligations in G1.11.
Expected Interpretation of the report results	The aim is to understand whether Shippers are meeting their obligations or whether the CDSP has had to convert sites due to lack of actions from the Shipper within 20 Supply Point System Business Days. The report should identify performance across all market participants.
Report Structure (actual report headings & description of each heading)	<p>Monthly non-cumulative report</p> <p>Shipper Short Code</p> <p>Product Class</p> <p>Count of supply points which the Shipper has moved to Class 1 during the month</p> <p>Count of supply points which the CDSP has moved to Class 1 during the month</p> <p>Industry Total</p>
Data inputs to the report	<p>SSC</p> <p>Product Class</p> <p>Count of sites converted by the Shipper and the CDSP (reported separately)</p>
Number rounding convention	Whole numbers
History (e.g. report builds month on month)	A Rolling 12 month view, provided monthly
Rules governing treatment of data inputs (actual formula/specification to prepare the report)	<p>Sites are counted if they became live as Class 1 on any date in the calendar month.</p> <p>The report is prepared as soon as possible after the end of the calendar month</p>
Frequency of the report	Monthly
Sort criteria	Shipper shortcode alphabetically

(alphabetical ascending etc.)	
History/background	Requirement introduced to support UNC Modification 0691 obligations
Additional comments	
Estimated development costs	
Estimated ongoing costs	

Supply Points converted to PC1 by the Shipper and the CDSP (in accordance with UNC obligations in G1.11)							
	Month x		Month x + 1		Month x + 2		Etc for 12 months
Converted by:	Shipper	CDSP	Shipper	CDSP	Shipper	CDSP	
Shipper A	0	0	0	0	0	0	
Shipper B	0	0	0	0	0	0	
etc							
Total	0	0	0	0	0	0	

## Schedule 2A.y – Industry Peer Comparison View

Report Title	<b>Sites above the Class 1 threshold which are not in Class 1</b>
Report Reference	2A.y (reference to be determined following implementation of UNC Modification 691)
Report Purpose	To provide an overview of sites which are approaching or have reached the qualifying period for re-confirmation as Class 1.
Expected Interpretation of the report results	The aim is to understand whether Shippers are meeting their obligations to monitor and manage their very large sites and initiate re-confirmation to PC1 in a timely manner. The report should identify performance across all market participants.
Report Structure (actual report headings & description of each heading)	<p>Monthly non-cumulative report</p> <p>Peer Comparison Identifier</p> <p>Current Product Class grouped as PC2 separated and PC3/4 together</p> <p>Count of supply points split between number of qualifying months met and not yet met</p> <p>Total AQ of supply points split between number of qualifying months met and not yet met</p> <p>Industry Totals split between number of qualifying months met and not yet met</p>
Data inputs to the report	<p>SSC</p> <p>Peer Comparison Identifier</p> <p>Product Class</p> <p>Rolling AQ</p> <p>Number of months/calculations since the AQ first crossed the threshold</p>
Number rounding convention	Whole numbers
History (e.g. report builds month on month)	A Rolling 12 month view, provided monthly
Rules governing treatment of data inputs (actual formula/specification to prepare the report)	<p>Sites are counted from the month that the effective AQ first crossed the Class 1 threshold until they are re-confirmed as Class 1.</p> <p>Sites are included if they are in the Shipper's ownership at the end of reporting month, even if the Shipper has only gained them during the reporting month in question.</p>

	The report is prepared as soon as possible after the end of the calendar month
Frequency of the report	Monthly
Sort criteria (alphabetical ascending etc.)	Peer Comparison Identifier alphabetically
History/background	Requirement introduced to support UNC Modification 0691 obligations
Additional comments	
Estimated development costs	
Estimated ongoing costs	

Count of Supply Points above the Class 1 threshold which are not in Class 1						
	Month x		Month x + 1		etc	
AQ above 58.6m	Qualifying period not met	Qualifying period met	Qualifying period not met	Qualifying period met	Qualifying period not met	Qualifying period met
Identifier A						
PC2	0	0	0	0	0	0
PC3/4	0	0	0	0	0	0
Identifier B						
PC2	0	0	0	0	0	0
PC3/4	0	0	0	0	0	0
etc						
Total	0	0	0	0	0	0
PC2	0	0	0	0	0	0
PC3/4	0	0	0	0	0	0

Total (Rolling) AQ of Supply Points above the Class 1 threshold which are not in Class 1 (kWh)						
	Month x		Month x + 1		etc	
AQ above 58.6m	Qualifying period not met	Qualifying period met	Qualifying period not met	Qualifying period met	Qualifying period not met	Qualifying period met
Identifier A						
PC2	0,000	0,000	0,000	0,000	0,000	0,000
PC3/4	0,000	0,000	0,000	0,000	0,000	0,000
Identifier B						
PC2	0,000	0,000	0,000	0,000	0,000	0,000
PC3/4	0,000	0,000	0,000	0,000	0,000	0,000
etc						
Total	0,000	0,000	0,000	0,000	0,000	0,000
PC2	0,000	0,000	0,000	0,000	0,000	0,000
PC3/4	0,000	0,000	0,000	0,000	0,000	0,000

## Schedule 2B.y – Performance Assurance Committee View

Report Title	<b>Sites above the Class 1 threshold which are not in Class 1</b>
Report Reference	2B.y (reference to be determined following implementation of UNC Modification 691)
Report Purpose	To provide an overview of sites which are approaching or have reached the qualifying period for re-confirmation as Class 1.
Expected Interpretation of the report results	The aim is to understand whether Shippers are meeting their obligations to monitor and manage their very large sites and initiate re-confirmation to PC1 in a timely manner. The report should identify performance across all market participants.
Report Structure (actual report headings & description of each heading)	<p>Monthly non-cumulative report</p> <p>Shipper Shortcode</p> <p>Current Product Class grouped as PC2 separated and PC3/4 together</p> <p>Count of supply points split between number of qualifying months met and not yet met</p> <p>Total AQ of supply points split between number of qualifying months met and not yet met</p> <p>Industry Totals split between number of qualifying months met and not yet met</p>
Data inputs to the report	<p>SSC</p> <p>Product Class</p> <p>Rolling AQ</p> <p>Number of months/calculations since the AQ first crossed the threshold</p>
Number rounding convention	Whole numbers
History (e.g. report builds month on month)	A Rolling 12 month view, provided monthly
Rules governing treatment of data inputs (actual formula/specification to prepare the report)	<p>Sites are counted from the month that the effective AQ first crossed the Class 1 threshold until they are re-confirmed as Class 1.</p> <p>Sites are included if they are in the Shipper's ownership at the end of reporting month, even if the Shipper has only gained them during the reporting month in question.</p> <p>The report is prepared as soon as possible after the end of the calendar</p>

	month
Frequency of the report	Monthly
Sort criteria (alphabetical ascending etc.)	Shipper shortcode Identifier alphabetically
History/background	Requirement introduced to support UNC Modification 0691 obligations
Additional comments	
Estimated development costs	
Estimated ongoing costs	

Count of Supply Points above the Class 1 threshold which are not in Class 1						
	Month x		Month x + 1		etc	
AQ above 58.6m	Qualifying period not met	Qualifying period met	Qualifying period not met	Qualifying period met	Qualifying period not met	Qualifying period met
Shipper A						
PC2	0	0	0	0	0	0
PC3/4	0	0	0	0	0	0
Shipper B						
PC2	0	0	0	0	0	0
PC3/4	0	0	0	0	0	0
etc						
Total	0	0	0	0	0	0
PC2	0	0	0	0	0	0
PC3/4	0	0	0	0	0	0

Total (Rolling) AQ of Supply Points above the Class 1 threshold which are not in Class 1 (kWh)						
	Month x		Month x + 1		etc	
AQ above 58.6m	Qualifying period not met	Qualifying period met	Qualifying period not met	Qualifying period met	Qualifying period not met	Qualifying period met
Shipper A						
PC2	0,000	0,000	0,000	0,000	0,000	0,000
PC3/4	0,000	0,000	0,000	0,000	0,000	0,000
Shipper B						
PC2	0,000	0,000	0,000	0,000	0,000	0,000
PC3/4	0,000	0,000	0,000	0,000	0,000	0,000
etc						
Total	0,000	0,000	0,000	0,000	0,000	0,000
PC2	0,000	0,000	0,000	0,000	0,000	0,000
PC3/4	0,000	0,000	0,000	0,000	0,000	0,000