Joint Office of Gas Transporters

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UNC Workgroup 0812R Minutes
Review of Alternative to "Must Read" Arrangements
Thursday 22 September 2022
via Microsoft Teams

Attendees		
Eric Fowler (Chair)	(AR)	Joint Office *(morning)*
Rebecca Hailes (Chair)	(RH)	Joint Office *(afternoon)*
Helen Bennett (Secretary)	(HB)	Joint Office
Vera Li	(VL)	Joint Office
Anne Jackson	(AJ)	Gemserv
Ben Mulcahy	(BM)	Northern Gas Networks
Claire Louise Roberts	(CLR)	ScottishPower
Conor Adams	(CA)	ScottishPower
David Mitchell	(DM)	SGN
David Reynolds	(DR)	Northern Gas Networks
Ellie Rogers	(ER)	Xoserve
Gurvinder Dosanjh	(GD)	Cadent
Joel Martin	(JM)	SGN
Kathryn Adeseye	(KA)	Xoserve
Lee Greenwood	(LG)	British Gas
Louise Hellyer	(LH)	TotalEnergies Gas & Power
Michelle Brown	(MB)	Energy Assets
Oorlagh Chapman	(OC)	Centrica
Richard Pomroy	(RP)	Wales & West Utilities
Steve Mulinganie	(SM)	SEFE Energy Limited
Tracey Saunders	(TS)	Northern Gas Networks

The Workgroup Report is due to be presented at the UNC Modification Panel by 20 April 2023.
Please note these minutes do not replicate/include detailed content provided within the presentation slides, therefore it is recommended that the published presentation material is reviewed in conjunction with these minutes. Copies of all papers are available at: www.gasgovernance.co.uk/dist/220922

1.0   Introduction and Status Review

1.1.   Approval of Minutes (25 August 2022)

The minutes from the meeting held on 25 August 2022 were approved.

1.2.   Approval of Late Papers

There were no late papers.

1.3.   Review of Outstanding Actions

Action 0108: IGT (TL) to update Workgroup on what the counterargument is for IGTs expanding the Must-Read service. What explains that preference? How much is the process being used? Why are IGT taking a very different approach?
Update: Anne Jackson (AJ) provided an overview from Talia Lattimore that was submitted to the Joint Office as an action update as follows (and is published on the meeting page here https://www.gasgovernance.co.uk/0812/220922:

> *TL informed the IGT UNC Workgroup of the action. A member wished to highlight that IGT159 - Amendments to the Must Read Process is a Shipper driven Modification rather*

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than an IGT driven Modification. They added that in terms of IGTs and their use of the Must Read process, all parties have a different approach. Some IGTs are very invested and committed to it and do a lot, some do not do anything at all or only do something if it suits them, with other IGTs somewhere in the middle. Other members of the Workgroup echoed these views and agreed that all IGTs take on a very different commercial approach to must reads.

The Workgroup discussed comments made by the UNC Distribution Workgroup (UNC0812R) whereby members noted that the provisions under the IGT UNC have expanded. TL advised that while provisions in Code have expanded the process itself had become more rigged and is expected to be used less. A members responded, adding that in terms of what we have landed with for the IGT159 solution, the pot of must reads will technically be smaller following the implementation of IGT159 and there will be less must reads collected despite the additional provisions. The CDSP had some concern that the IGT159 solution was not fully understood by the Distribution Workgroup, as they were not involved in the development. There was focus on the fact that there were differences between the two approaches, however, the IGT159 solution will actually bring the IGT must read process more in line with the approach taken by Distribution Networks, for example the intent to exclude Smart and AMR meters. They felt that using the word "expanded" was not entirely clear.

AJ clarified that the IGT Modification, *IGT159 - Amendments to the Must Read process*, which proposes to update the Must Read process to include timescales for a site to enter the process, and to introduce timeframes for procuring and returning a read that align with Central Data Service Provider (CDSP) validation criteria, adds rigour to the process.

With regard to the action, Steve Mulinganie (SM) commented that there does not appear to be much difference between the IGT UNC, and UNC Must Read processes. **Closed**

2.0 Amended Modification

Richard Pomroy (RP) was invited to provide his view on what direction this Request might take and informed Workgroup that his understanding was that participants of the August Workgroup were to review the three options that were outlined as possible ways forward for the Review:

1) (Preferred solution) - Remove obligation on Transporters and let PAC manage any settlement risk which gives them the freedom to address the issue as they see fit;
2) Remove obligation on Transporters and put in place specific obligations on Shippers should they breach their meter reading obligation;
3) Replace the Transporter obligation in Code by arrangements for central provision of the service.

It was noted that Option 1 and the Performance Assurance Committee (PAC), with the implementation of *Modification 0674V - Performance Assurance Techniques and Controls,* seems to be the best place for this process to be managed.

In respect of Option 2 and enhancing Shipper obligations, Anne Jackson (AJ) noted that many Shippers are not meeting their current obligations in respect of meter readings. PAC are currently running a 'line in the sand' strategy, which targets Shippers with missing reads over 3-4 years and added that Shippers would have had to breach the UNC requirements 2 or 3 times over to reach that situation. AJ noted that the Must Read process resting with Transporters is in Code for a reason, and that if the process was removed from Code, then this might leave a gap with no party able to fulfil the requirement, It is not as simple as deleting the obligation from Transporters. RP advised that the history of the Must Read process, why it is in Code and the position Shippers now find themselves in, is documented in the Review.

RP commented that the Must Read process is no longer an add-on to a Transporter's existing meter reading service and that it is difficult to procure a service provider for small volume activity because networks are unable to give them any detail of likely volume or location of their requirements.

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RP pointed to the commercial risk for Transporters if the arrangements put in place involve payment for a Must Read Service and not all that cost can be passed on.

It was explained that this service is triggered when the meter readings are not provided and with PAC being the guardian of Settlement accuracy it seems appropriate for this service to sit within PAC.

SM commented that PAC could oversee the arrangement, similar to a hybrid PAC governance vehicle, if PAC feels there is a need to procure the reads, PAC can procure them by any way they seem fit.

AJ noted that quite often Shippers do have the meter readings, but if they have had them for a long time, it is not so easy to get the meter reading uploaded onto the system. Workgroup noted that the issue is in two parts, firstly obtaining the reads and secondly in loading them into the systems.

EF summarised that the Workgroup are looking as to whether:

- The challenge whether transporters are the right party to obtain the meter readings? Do parties agree?

- If it is not Transporters, then who best is?

Option 1

When ER asked if Option 1 is PAC managing the service and having the freedom to deal with issues as they see fit, RP confirmed and clarified that the service going to PAC is suggested as an absence of meter readings is a settlement risk.

Option 3

When asked, RP explained that that a Must Read service could be carried out by CDSP and it potentially could procure a more efficient cost than someone that does not already procure such a service.

EF noted that if the responsibility does go to PAC, they may employ a party to obtain the meter readings. If that party were to be CDSP, they might have a wider remit as they could obtain *and* upload them onto the system.

New Action 0109: Workgroup participants to review the proposed solution options to take this Review forward:
1) (Preferred solution) - Remove obligation on Transporters and let PAC manage any settlement risk which gives them the freedom to address the issue as they see fit;
2) Remove obligation on Transporters and put in place specific obligations on Shippers should they breach their meter reading obligation;
3) Replace the Transporter obligation in Code by arrangements for central provision of the service.
Feedback to be provided to Joint Office enquiries@gasgovernance.co.uk and/or Richard Pomroy Richard.pomroy@wwutilities.co.uk.

New Action 0209: Workgroup participants to consider if it is still appropriate for Transporters to provide the Must Read service:

if yes, please provide your reasoning.

If no, then who should provide it?

Workgroup considered that a Modification that takes the obligation away from Transporters would remove the process from Code which could imply a risk in that the service goes to PAC but there would be nothing in Code. Parties would need to be comfortable they have sufficient tools to mitigate that risk.

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AJ agreed an update to PAC at their next meeting would be advantageous and feedback can be provided at the next Workgroup meeting in October.

New Action 0309: Workgroup Chair (RH/EF) to ask PAC for evidence on the effectiveness of must reads and the effectiveness on settlement accuracy. (Is there a benefit or value in the must read service)

1. If must reads are successfully used, to what extent do they mitigate settlement risk?

2. Are Transporters the appropriate party to provide the service?

3. If they are not, who should provide the service?

Discussions concluded

3.0 Issues and Questions from Panel
3.1. Does the process utilised in the IGT UNC work as an alternative arrangement?

This will be considered at a future Workgroup meeting.

4.0 Development of Workgroup Report

This will commence at a future Workgroup meeting.

5.0 Next Steps

EF confirmed that the October Workgroup meeting will consider any additional views from the actions taken and then will consider what a Modification might look like.

6.0 Any Other Business

None.

7.0 Diary Planning
Further details of planned meetings are available at: www.gasgovernance.co.uk/events-calendar/month
Workgroup meetings will take place as follows:

Time / Date	Paper Publication Deadline	Venue	Programme
Thursday 10:00 27 October 2022	5pm 18 October 2022	Microsoft Teams	Standard Agenda
Thursday 10:00 24 November 2022	5pm 15 November 2022	Microsoft Teams	Standard Agenda
Monday 10:00 12 December 2022	5pm 01 December 2022	Microsoft Teams	Standard Agenda

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Action Table (as at 22 September 2022)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0108	25/08/22	1.0	IGT (TL) to update Workgroup on what the counterargument is for IGTs expanding the Must-Read service. What explains that preference? How much is the process being used? Why are IGT taking a very different approach?	IGT (TL)	**Closed**
0109	22/09/22	2.0	Workgroup participants to review the proposed solution options to take this Review forward: 1) (Preferred solution) - Remove obligation on Transporters and let PAC manage any settlement risk which gives them the freedom to address the issue as they see fit; 2) Remove obligation on Transporters and put in place specific obligations on Shippers should they breach their meter reading obligation; 3) Replace the Transporter obligation in Code by arrangements for central provision of the service. Feedback to be provided to Joint Office enquiries@gasgovernance.co.uk and/or Richard Pomroy Richard.pomroy@wwutilities.co.uk.	Workgroup participants	**Pending**
0209	22/09/22	2.0	Workgroup participants to consider if it is still appropriate for Transporters to provide the Must Read service: • If yes, please provide your reasoning. • If no, then who should provide it?	Workgroup participants	**Pending**
0309	22/09/22	2.0	Workgroup Chair (RH/EF) to ask PAC for evidence on the effectiveness of must reads and the effectiveness on settlement accuracy: (Is there a benefit or value in the must read service) • If must reads are successfully used, to what extent do they mitigate settlement risk? • Are Transporters the appropriate party to provide the service? • If they are not, who should provide the service?	Workgroup Chair (RH/EF)	**Pending**