



**836 - Resolution of Missing Messages following
Central Switching Service implementation and
integration with REC Change R0067**

Distribution Workgroup – February 2023

Materiality of Invoice Adjustments

- Following implementation of R0067 we will have **Resend** functionality which will mean that volume of Missing Messages should reduce, if CSS cannot resend for whatever reason we would invoke **Refresh**
- **Refresh** will mean that there is a discrepancy between the CSS Registration Effective From Date (EFD) and the UKL Registration EFD as we cannot request the Refresh until after the Registration has gone live (i.e. post Midnight and post the closure of Gate Closure window and therefore the initiation of the downstream processes in UKL and Gemini)
- R0067 design has Refresh as a manually instigated job[, so will be initiated the next Working Day]
- For the Registrations that we have progressed as part of the Missing Message catch up we allowed [5 Working Days] prior to the UKL Registration EFD to allow for BRN submission and Shipper preparedness taking account of it being first run
- We hope to reduce this timescale in future runs – subject to Shipper approval, it is therefore conceivable by R0067 implementation that we could get this down to 1 or 2 Working Days

All timings subject to development and process refinement, and agreement with Shippers

Modification Components

- 0836 Mod Solution contains the following components:

Solution

- The Modification proposes:
 - Amendment to allow the CDSP to update the Registration held within UK Link systems when it becomes aware that there is, or will be, a discrepancy between CSS and UK Link
 - Consideration of the exception process where in the event that the Registration Effective From Dates in CSS and UK Link are not aligned, then clarify that the Shipper responsible within CSS will be responsible for invoicing in keeping with CSS mastering Registration on CSS Supply Points
 - Allowing the CDSP to generate a Meter Reading that the Shippers may use in Settlement to agree responsibility for gas volumes, and the basis for which this can be replaced

- Also, we have highlighted the option to provide a materiality test ...

CSS Effective Date Meter Reading

- We have proposed to insert a Meter Reading into UK Link systems so that:
 - provides distinct reconciliation periods so that this can be attributed from Shipper A to Shipper B as part of any adjustment
 - Gives the opportunity for Shipper B to provide their Opening Meter Reading – if this has been obtained
 - To date, these have been smaller Supply Points, and the incidence of them have been reduced since CSS have deployed patch fixes since July 2022 implementation
 - Given the volume considerations, we are seeking to perform these changes **with minimal system impacts**

Proposed Characteristics of the Meter Reading

- CDSP will be able to create these estimated Meter Readings when required i.e. No other Meter Reading exists on that date (so would expect that we would not need to do so for Class 1 or 2 as there should be Readings)
 - Estimation would be in line with the prevailing Class Type on UKL –
 - Class 3,4 as per UNC TPD M5.4.2 – NDM Supply Meter Point Demand where there is no subsequent Meter Reading, [but if there is a later Meter Reading it will utilise this to establish the Meter Reading]
 - Class 1 and 2 as per UNC TPD M5.4.1 – e.g. D-7, etc...
 - Code states that the CDSP may estimate 'where the Code allows' – this has been inserted into the Code in UNC TPD 5.4 for recent examples – Mod 576 (UNC TPD M 5.4.6) - Code Cut Off Read
- Meter Readings will be inserted once the UKL Registration has been processed
- It will not, be classed as an Opening Meter Reading as per the Code ...
 - CDSP will estimate once the Registration is processed, rather than the Proposing User providing
 - Meter Readings may be replaced, but only by the Registered User (i.e. the outgoing Shipper) – this is to avoid complex system changes (with Opening Readings this is required by the Incoming Shipper)

Materiality Test

- As part of the assessment of the materiality of the issue we provided a view of materiality of the issue per site – per day ...

	Typical Domestic Property	Average sized Industrial/ Commercial Property	Very large Daily Metered site
Assumed AQ (kWh)	16,258	564,000	139,500,00
Peak Day Consumption (SOQ – kWh)	149	3,528	687,032
Typical Transportation Charges per Day	£0.70	£7.35	£535.85
Average gas allocation per day kWh/cost	45 kWh £1.76	1,545 kWh £60	382,252 kWh £14,907
Peak day gas allocation per day kWh/cost (i.e. worst case scenario)	149 kWh £11.18	3,528 kWh £265	687,032 kWh £51,527

• Switch not processed – old Shipper continues to be billed, new Shipper not billed

- As the vast majority of sites impacted to date are SSP / Domestic the above daily costs are very low (estimated as Transportation is £0.70; Energy costs are £1.76)
- Process would generate large numbers of small adjustment invoices that has the effect of moving cost from Shipper A to B
 - There is a cost to all industry parties to process and manage such adjustments

Vanilla Supply Point Scenario

- Example Scenario:

Missed Message Registration

Supplier A (Shipper A) Supplier B (Shipper B)

Registration (CSS / REC)

Registration initiated by CDSP in UKL

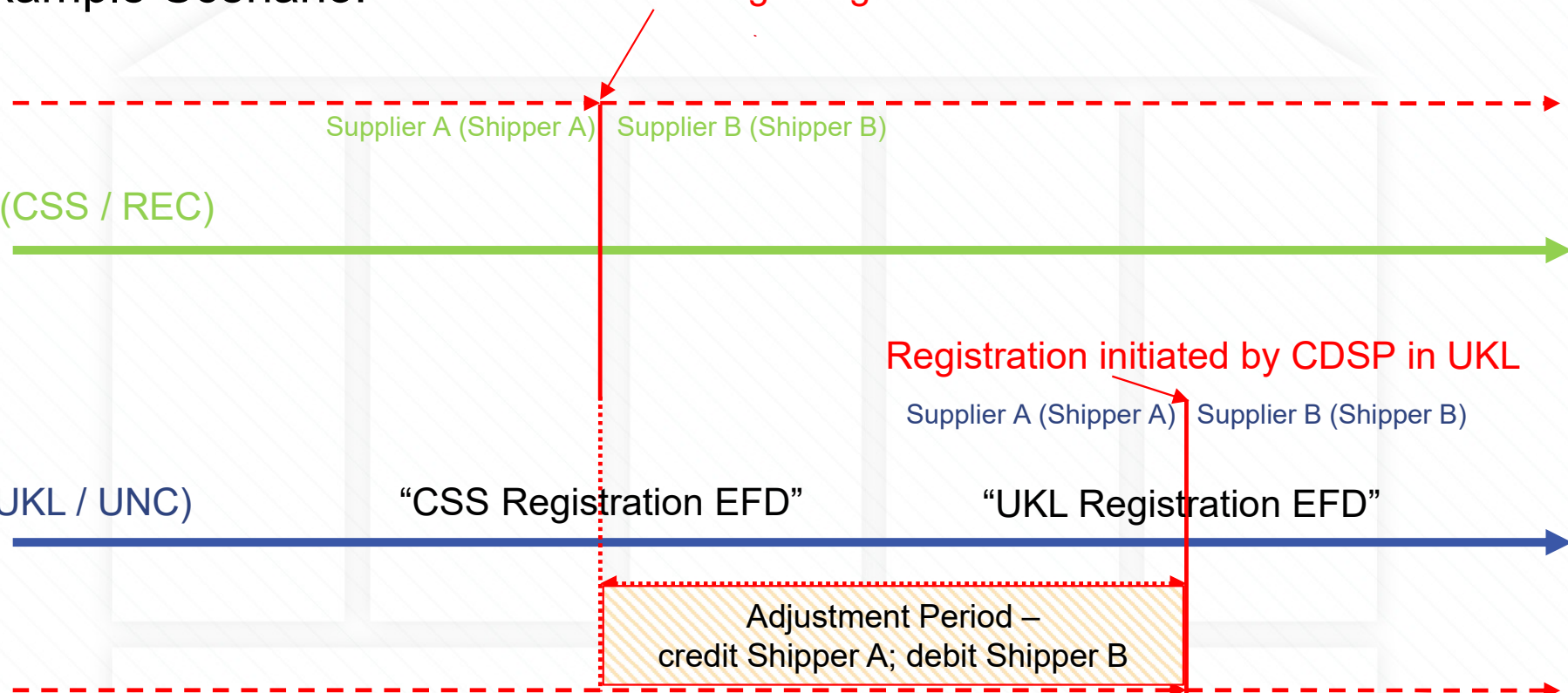
Supplier A (Shipper A) Supplier B (Shipper B)

Settlement (UKL / UNC)

“CSS Registration EFD”

“UKL Registration EFD”

Adjustment Period –
credit Shipper A; debit Shipper B



Some Principles for Adjustment

- Adjustment will be a credit to Shipper A which will be based on the Settlement Details in the Adjustment Period
- Adjustment will be an equal and opposite charge to Shipper B ...
 - This will mean that Shipper B is getting billed based on the Supply Point Register during the Adjustment Period (which will be based on Shipper A Settlement details)
 - Largely should not be material but variations such as Customer Charge; Class Type and SOQ Changes (for Class 1 and 2 sites) will not be reflected
 - Ratchets 🦴🦴🦴 – some scenarios may mean Ratchet occurs or is avoided!

Materiality Test

- Views invited from parties on the Materiality test....
- Different UNC parties may have different views
 - Transporters
 - Shippers
- If the materiality test is applied we need to assess:
 - Value – is this a monetary value – e.g. £10?
 - Are there any other processes that we could take the precedent from – e.g. SARs process requires interaction above a kWh threshold?
 - Timeliness – e.g. previously the UNC allowed an 11 day window for an OPNT, if the Switch is resolved within [D+5] (which was the last day of the OPNT window) is it just assumed that the OPNT process would deal with any shortfall ... and any exceptions via the SAR process?
- Views invited from Workgroup members to help develop this component if supported

Materiality Test - REC

- Materiality Test in REC Schedule 30 – Consumer Facing Switching and Billing Issues is that difference must be in excess of 1,200kWh to initiate a dispute

- Based on previous slide – this is a materiality of circa £50 energy costs (...Shippers to confirm on latest rates)
- For an ‘average’ domestic property this is 7.5% of average AQ

9.4. The [Energy Supplier](#) contacted by the [Consumer](#) shall consider the specific circumstances as detailed below:

- (a) where the difference between the [Energy Supplier](#)'s view of consumption and that derived from the initial [Switch Meter Reading](#) is 1,200 kWh or less for a gas [RMP](#) or 250 kWh or less for an electricity [RMP](#), then the [Energy Supplier](#) shall not

Resolution of Consumer Facing Switching and Billing Issues
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dispute the [Switch Meter Reading](#) unless the [Consumer](#) specifically requests a new [Switch Meter Reading](#), but shall instead attempt to resolve the dispute with an accommodation (e.g. cash allowance to the [Consumer](#)), thus retaining the initial proposed [Switch Meter Reading](#), so that no further action is then required; or

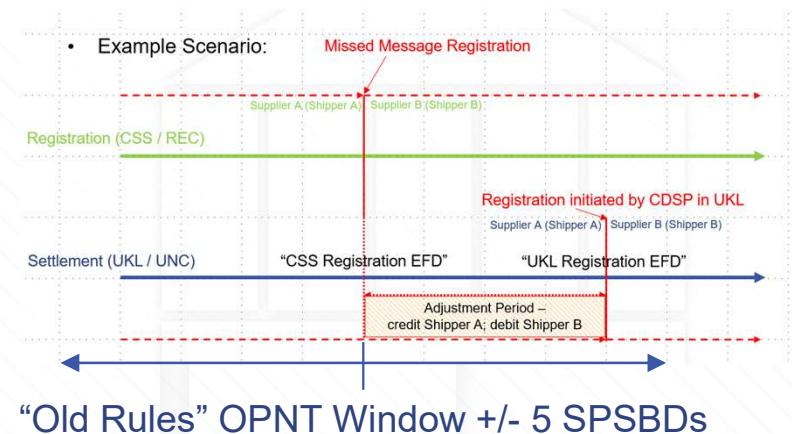
- (b) where the [Consumer](#) is unwilling to accept an accommodation, or the difference between the [Energy Supplier](#)'s view of consumption and that derived from the [Switch Meter Reading](#) is more than 1,200 kWh for a gas [RMP](#) or more than 250 kWh for an electricity [RMP](#), then the [Energy Supplier](#) shall initiate a dispute.

Materiality Test - UNC

5.13.3 – For the purposes of paragraph 5.13.2(a) the Read Date must be:

- (a) — where the Supply Meter Point is or (following the Supply Point Confirmation) will be in Class 1, Class 2 or Class 3, the Supply Point Registration Date;
- (b) — except as provided in paragraph (a), a day within the period of 11 Supply Point Systems Business Days commencing 5 Supply Point Systems Business Days before the Supply Point Registration Date.

- Prior to implementation of Central Switching Service – Old Rules - the Opening Meter Reading for Class 4 Supply Meter Points could be obtained within an eleven working day window (+/- 5 Supply Point System Business Days)
- Note: we are proposing that the period between UKL and CSS Registration EFD is 5 days (or less) once identified the following working day from the CSS Reg EFD, subject to Shipper agreement
 - But is likely that the UKL Registration EFD would be within the previous Opening Meter Reading window (for the CSS Registration EFD) – therefore would have been treated as if the Reading has been taken on the CSS Registration EFD under the old rules
 - (Note: this was only changed to prevent confusion about the fact that the OPNT Read Windows would have overlapped with ‘next day Switching’)
 - although note that there remains the likelihood of exceptions being identified some time after these potentially go live in CSS – note recent example of circa 150 Registrations notified recently:



Pot 7 Missing Pend & SAM (Stalled) - Sent to DCC / Pending DCC
Pot 8 Missing Messages - Sent to DCC / Pending DCC

94 (No record of these on UKL)
49 (No record of these on UKL)

Adjustment Methodology - Materiality

- Some of the Adjustments will be very small
- Risk that there may then be smaller adjustments on small adjustments ... or that every adjustment will need to be assessed against these adjustments
- Option to be considered to either:
 - Calculate the Adjustment value and if:
 - it is less than a given amount then the charge is not raised at all, or
 - if it is below a given amount then the Adjustment is raised but this adjustment will not be subject to further adjustment...

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 - it is less than a given amount then the charge is not raised at all, or
 - if it is below a given amount then the Adjustment is raised but this adjustment will not be subject to further adjustment...
 - Proposal that we perform assessment of the adjustment value after an extended lead time – e.g. this is normally undertaken within M+2, but we wait until M[+3] (which will allow any Replacement Reading to be loaded), if the value is beneath the value of [£30] we would not generate the adjustment
 - Once adjustment is assessed and determined not to apply, any future adjustments would not consider

Thank you!

- Views invited!

