













UNC Request Workgroup Report		At what stage is this document in the process?
<h1>UNC 0812R:</h1> <h2>Review of alternatives to “must read” arrangements</h2>		<div style="display: flex; flex-direction: column; gap: 10px;"> <div style="border: 1px solid #ccc; border-radius: 10px; padding: 5px; display: flex; align-items: center; gap: 10px;"> <span style="border: 1px solid #ccc; border-radius: 50%; padding: 2px 8px;">01</span> Request         </div> <div style="border: 1px solid #ccc; border-radius: 10px; padding: 5px; display: flex; align-items: center; gap: 10px;"> <span style="border: 1px solid #ccc; border-radius: 50%; padding: 2px 8px;">02</span> Workgroup Report         </div> <div style="border: 1px solid #ccc; border-radius: 10px; padding: 5px; display: flex; align-items: center; gap: 10px;"> <span style="border: 1px solid #ccc; border-radius: 50%; padding: 2px 8px;">03</span> Final Modification Report         </div> </div>
<p><b>Purpose of Request:</b></p> <p>To review the options should a Shipper breach its meter reading obligations and alternatives to the current must read service provided by transporters.</p>		
	The Workgroup recommends that the Panel now considers this report and its recommendation to close this Request Workgroup.	
	High Impact:	
	Medium Impact: Transporters and Shippers	
	Low Impact:	

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<b>3 Terms of Reference</b>	<b>9</b>	<a href="mailto:enquiries@gasgovernance.co.uk">enquiries@gasgovernance.co.uk</a>
<b>4 Recommendation</b>	<b>10</b>	 <b>0121 288 2107</b>
<b>About this document:</b>		Proposer: <b>Richard Pomroy, Wales &amp; West Utilities</b>
This Request Modification Report will be presented to the panel on 17 August 2023.		
The Panel will consider whether the Request should be closed or returned to the Workgroup for further assessment.		<a href="mailto:Richard.Pomroy@wwutilities.co.uk">Richard.Pomroy@wwutilities.co.uk</a>
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## 1 Request

### Why is the Request being made?

This Request is being raised to discuss options around reforming the long-standing arrangement whereby Shippers have absolute obligations (there being no qualification that they should use reasonable or best endeavours) to read Monthly and Annual read meters (Uniform Network Code (UNC) Transportation Principal Document (TPD) M 5.9.7 and 5.5.9 to 5.9.11 respectively). Should a Shipper be in breach of its obligation the Transporters then have an obligation to read those meters where it seems reasonable to them. We recognise that Shippers rely on Suppliers to provide meter readings to them.

The responsibility for Must Reads was given to Transporters when the Transco Network Code was implemented as they were seen as guardians of the settlement system integrity. It remains with them and can be found in TPD M 5.10 and is reproduced below.

#### 5.10 Failure to obtain readings

5.10.1 Subject to paragraphs 5.10.5 and 5.10.6, paragraph 5.10.2 shall apply in relation to a Class 2, 3 or 4 Supply Meter where, at the end of any calendar month, a Valid Meter Reading has not been submitted with a Read Date within:

- (a) except as provided in paragraph (b), the preceding 4 months;
- (b) in the case of a Class 4 Annual Read Supply Meter, the preceding 24 months.

5.10.2 Where this paragraph 5.10.2 applies in relation to a Supply Meter the CDSP will notify the Transporter and the User and:

- (a) the Transporter will, unless it appears to the Transporter (in its sole discretion) that the circumstances are such that it would be inappropriate to do so, use reasonable endeavours to obtain a Meter Reading from such Meter; and
- (b) the User shall, irrespective of whether the User remains the Registered User of the relevant Supply Point, pay (in accordance with Section S) to the Transporter a charge in accordance with the Transporter's Metering Charging Statement.

There are several reasons why the existing arrangements need reforming.

### Contractual obligations

From a contractual point of view, it does not make sense to have absolute obligations in a contract and a provision that if a breach occurs then another party acquires an obligation rather than the party in breach being required to remedy the breach. TPD M imposes absolute obligations on Shippers to obtain a read for a Monthly read Supply Meter Point not less than once every four months (TPD M 5.9.7); and once every 24 months for an Annual Read Supply Meter Point (TPD M 5.9.11). Our view is that if a Shipper breaches these obligations (which may be due to Supplier not providing a read to them), then they should be responsible for remedying that breach.

### Reduced provision of meter reading services by Transporters

Since the obligation for Must Reads was given to Transporters there have been many changes in meter reading.

- 1) Suppliers perform their own meter reading activities and no longer use Transporter Meter reading services see Supplier licence condition 21B;
- 2) in consequence of point 1, Transporters no longer (and in some cases never have) provide a commercial meter reading service;

- 3) Transporters do not have an internal meter reading function; some use FCOs to read meters and other buy in meter reading services to deliver Must Reads.

Therefore, the argument that Transporters can easily provide a Must-Read service by adding the Must Read requirements to their existing meter reading activities is not a valid pragmatic argument.

### Changes in monitoring performance of the settlement system

There have also been changes in how the performance of the settlement system is monitored

- 1) The UNC Performance Assurance Committee (PAC) was set up in 2016 and is now responsible for settlement accuracy and following the implementation of Modification 0674V I has increased powers to require improvements from parties.
- 2) PAC is taking initiatives in relation to reads for example a letter to Shippers relating read performance in relation to Code Cut-off Date issued in December 2020 (although we note the controversy surrounding the timing of that particular letter).

Therefore, the argument that Transporters should obtain Must Reads because they are responsible for the integrity of the settlements system is no longer valid because PAC has now formally taken on the role of managing settlement risk.

### Suppliers use same service providers as Transporters

As Transporters no longer have internal meter reading function, in practice they use the same meter reading organisations that are used by Suppliers (except where Suppliers have an in-house function) and if these organisations can obtain a read for a Transporter, then they ought to be able to obtain a read for a Supplier (perhaps with amendments to the contracts to provide an equivalent to the Transporters' Must Read service).

For the above reasons, it is now time to amend the Must-Read obligations. We recognise that Suppliers obtain meter reads to enable them to bill customers and that Shippers submit reads for settlement purposes but in practice a read obtained by a Supplier is typically submitted to the Shipper for settlement purposes. This review is therefore to review how the UNC should be amended to reflect that it is no longer appropriate for Transporters to be expected to provide Must Reads. There seem to be two options

- 1) Remove the provisions relating to the provision of Must Reads by Transporters and leave PAC to monitor Shippers' meter reading performance as they do with other breaches.
- 2) Acknowledge that a failure by a Shipper to provide the required meter reads is a breach of UNC and to prescribe a means of remedying that breach; for example, by requiring the Shipper to make a special visit to obtain a read. The process for doing that, which could mirror the existing Must-Read process used by DNOs is too detailed to put into the UNC but could exist as an ancillary document governed by the UNCC or a subsidiary document governed by PAC if a prescriptive process is required.

For the avoidance of doubt, nothing in this review precludes any organisation from offering a commercial meter reading service in any geography.

### Scope

- 1) How is the Shipper held accountable in the event of a failure to meet their meter reading obligations:
  - a. is this left to the Performance Assurance Committee to action as they see fit; or
  - b. should there be a specific reference to the Performance Assurance committee in case of breach (or would this be giving too much emphasis to this issue?);

- 2) Should there be some formal remedy mechanism in the UNC with which Shippers have to comply should a breach occur
  - a. no arrangement required as PAC will address the breach (1 above); or
  - b. an obligation to make a special visit to obtain a read and whether there needs to be an ancillary document or subsidiary document supporting this obligation; or
- 3) Some other arrangement such as central provision either mandated by Code or at the discretion of PAC (however we need to ensure that any possible central provision does not affect any party's ability to offer a commercial meter reading service).

### Impacts & Costs

One option is to have a specified process should a breach occur and the most obvious way of doing this is to repurpose the existing Must Read process to apply to Shippers. If this solution is adopted, then the review group needs to know the cost of repurposing the arrangements.

### Recommendations

The Request should be issued to workgroup for six months with the expectation that an appropriate Modification will be developed during this period.

### Workgroup's Assessment

This can be found in Section 5 below.

## 2 Proposer's Assessment of Impacts and Costs

### Consideration of Wider Industry Impacts

#### Impacts

Impact on Central Systems and Process	
Central System/Process	Potential impact
UK Link	<ul style="list-style-type: none"> <li>Possible depending on solution</li> </ul>
Operational Processes	<ul style="list-style-type: none"> <li>May reduce, or processes may need aligning to Shipper rather than Transporters</li> <li>This review may lead to reconsideration of changes to CMS for must reads</li> </ul>

Impact on Users	
Area of Users' business	Potential impact
Administrative and operational	<ul style="list-style-type: none"> <li>Possible depending on meter reading performance to date</li> </ul>
Development, capital and operating costs	<ul style="list-style-type: none"> <li>Possible impact, there will be a balance between current must read costs and costs of any new process to remedy a Shipper breach of Code</li> </ul>

Impact on Users	
Contractual risks	<ul style="list-style-type: none"> <li>No change Shippers already have a contractual obligation to read meters</li> </ul>
Legislative, regulatory and contractual obligations and relationships	<ul style="list-style-type: none"> <li>No additional obligation envisaged as absolute obligation to read meters already exists</li> </ul>

Impact on Transporters	
Area of Transporters' business	Potential impact
System operation	<ul style="list-style-type: none"> <li>None</li> </ul>
Development, capital and operating costs	<ul style="list-style-type: none"> <li>None</li> </ul>
Recovery of costs	<ul style="list-style-type: none"> <li>If must reads are no longer a transporter obligation, then there is no requirement to recover must read costs</li> </ul>
Price regulation	<ul style="list-style-type: none"> <li>None, must reads are not part of price-controlled revenue</li> </ul>
Contractual risks	<ul style="list-style-type: none"> <li>If must reads are no longer a transporter obligation, then no requirement to procure a service provider and carry contractual risks of revenues and costs being out of alignment</li> </ul>
Legislative, regulatory and contractual obligations and relationships	<ul style="list-style-type: none"> <li>None</li> </ul>
Standards of service	<ul style="list-style-type: none"> <li>None</li> </ul>

Impact on Code Administration	
Area of Code Administration	Potential impact
Modification Rules	<ul style="list-style-type: none"> <li>None</li> </ul>
UNC Committees	<ul style="list-style-type: none"> <li>None, meter read performance is already in PAC's remit</li> </ul>
General administration	<ul style="list-style-type: none"> <li>None</li> </ul>
DSC Committees	<ul style="list-style-type: none"> <li>Some solutions may require a DSC change</li> </ul>

Impact on Code	
Code section	Potential impact
TPD M	<ul style="list-style-type: none"> <li>Amendments may be required</li> </ul>

Impact on UNC Related Documents and Other Referenced Documents	
Related Document	Potential impact
Network Entry Agreement (TPD I1.3)	<ul style="list-style-type: none"> <li>None</li> </ul>

Impact on UNC Related Documents and Other Referenced Documents	
General	Potential Impact
Legal Text Guidance Document	<ul style="list-style-type: none"> <li>None</li> </ul>
UNC Modification Proposals – Guidance for Proposers	<ul style="list-style-type: none"> <li>None</li> </ul>
Self Governance Guidance	<ul style="list-style-type: none"> <li>None</li> </ul>
TPD	Potential Impact
Network Code Operations Reporting Manual (TPD V12)	<ul style="list-style-type: none"> <li>None</li> </ul>
UNC Data Dictionary	<ul style="list-style-type: none"> <li>None</li> </ul>
AQ Validation Rules (TPD V12)	<ul style="list-style-type: none"> <li>None</li> </ul>
AUGE Framework Document	<ul style="list-style-type: none"> <li>None</li> </ul>
Customer Settlement Error Claims Process	<ul style="list-style-type: none"> <li>None</li> </ul>
Demand Estimation Methodology	<ul style="list-style-type: none"> <li>None</li> </ul>
Energy Balancing Credit Rules (TPD X2.1)	<ul style="list-style-type: none"> <li>None</li> </ul>
Energy Settlement Performance Assurance Regime	<ul style="list-style-type: none"> <li>Possible but meter reading performance is already an item considered</li> </ul>
Guidelines to optimise the use of AQ amendment system capacity	<ul style="list-style-type: none"> <li>None</li> </ul>
Guidelines for Sub-Deduct Arrangements (Prime and Sub-deduct Meter Points)	<ul style="list-style-type: none"> <li>None</li> </ul>
LDZ Shrinkage Adjustment Methodology	<ul style="list-style-type: none"> <li>None</li> </ul>
Performance Assurance Report Register	<ul style="list-style-type: none"> <li>Possible</li> </ul>
Shared Supply Meter Points Guide and Procedures	<ul style="list-style-type: none"> <li>None</li> </ul>
Shipper Communications in Incidents of CO Poisoning, Gas Fire/Explosions and Local Gas Supply Emergency	<ul style="list-style-type: none"> <li>None</li> </ul>
Standards of Service Query Management Operational Guidelines	<ul style="list-style-type: none"> <li>None</li> </ul>
Network Code Validation Rules	<ul style="list-style-type: none"> <li>None</li> </ul>
OAD	Potential Impact

Impact on UNC Related Documents and Other Referenced Documents	
Measurement Error Notification Guidelines (TPD V12)	<ul style="list-style-type: none"> <li>None</li> </ul>
EID	Potential Impact
Moffat Designated Arrangements	<ul style="list-style-type: none"> <li>None</li> </ul>
IGTAD	Potential Impact
	<ul style="list-style-type: none"> <li>None, IGT meter reading arrangements are covered in the IGT UNC; however, the IGT UNC points to the UNC so if the UNC arrangements are changed then IGT UNC parties need to consider whether they wish to follow any revised UNC arrangements or raise a change to keep the IGT arrangements as they currently are.</li> <li>IGT 159 is changing the must read arrangements for IGT networks by providing additional clarity to the process and may need amending should a UNC modification result from this review <a href="#">IGT159 - Amendments to the Must Read Process - IGT UNC (igt-unc.co.uk)</a></li> </ul>
DSC / CDSP	Potential Impact
Change Management Procedures	<ul style="list-style-type: none"> <li>None</li> </ul>
Contract Management Procedures	<ul style="list-style-type: none"> <li>None</li> </ul>
Credit Policy	<ul style="list-style-type: none"> <li>None</li> </ul>
Credit Rules	<ul style="list-style-type: none"> <li>None</li> </ul>
UK Link Manual	<ul style="list-style-type: none"> <li>None</li> </ul>

Impact on Core Industry Documents and other documents	
Document	Potential impact
Safety Case or other document under Gas Safety (Management) Regulations	<ul style="list-style-type: none"> <li>None, must reads are not part of the meter inspection arrangement that is the responsibility of Suppliers</li> </ul>
Gas Transporter Licence	<ul style="list-style-type: none"> <li>None</li> </ul>

Other Impacts	
Item impacted	Potential impact
Security of Supply	<ul style="list-style-type: none"> <li>None</li> </ul>



Operation of the Total System	<ul style="list-style-type: none"> <li>• None</li> </ul>
Industry fragmentation	<ul style="list-style-type: none"> <li>• None</li> </ul>
Terminal operators, consumers, connected system operators, suppliers, producers and other non code parties	<ul style="list-style-type: none"> <li>• Shippers are dependent on Suppliers for the meter readings. It is likely that Shippers would need to discuss any changes to meter reading provision with Suppliers. In this respect there is a link between PAC and the Retail Energy Code’s Performance Assurance Board which is best pursued by PAC directly with PAB.</li> </ul>

### 3 Terms of Reference

#### Background

This Request is being raised to discuss options around reforming the long-standing arrangement whereby Shippers have absolute obligations (there being no qualification that they should use reasonable or best endeavours) to read Monthly (TPD M 5.9.7) and Annual (TPD M 5.9.9 to 5.9.11) read meters but should a Shipper be in breach of its obligation the Transporters then have an obligation to read those meters where it seems reasonable to them.

The responsibility for Must Reads was given to Transporters when the Transco Network Code was implemented as they were seen as guardians of the settlement system integrity. It remains with them and can be found in TPD M 5.10.

There are a number of reasons why the current arrangements are no longer appropriate:

- the current arrangements are contractually inappropriate;
- transporters no longer provide meter reading services so the Must-Read provision is no longer an “add on” to an existing service;
- the Performance Assurance Committee has been established to monitor and improve settlement accuracy including meter reading performance and Transporters no longer have the unstated role of ensuring settlement system integrity.

There is no intention to prevent a transporter from offering a commercial meter reading service should it wish to do so.

For the avoidance of doubt, the following areas are out of scope as they are not related to meter reading

- Gas Safety Checks – these are Supplier licence obligations (Condition 29)

#### Topics for Discussion

This review will focus on the issue raised and directly related impacts of any changes; issues such as address quality and access problems are real issues that affect all meter reading activities but are not directly related to the subject of this review.

- Understanding the objective – need to make Shippers responsible for meter reads
- Assessment of alternative means to achieve objective – remove reference to must reads or put in a rule about how a Shipper remedies a breach or make provision for central provision of the service

- Development of Solution (including business rules for a Modification)
- Assessment of potential impacts of the Request
- Assessment of implementation costs of any solution identified during the Request
- Assessment of appropriate implementation date for any solution identified
- Assessment of legal text of a Modification.

## Outputs

Produce a Workgroup Report for submission to the Modification Panel, containing the assessment and recommendations of the Workgroup including a draft Modification where appropriate.

## Composition of Workgroup

The Workgroup is open to any party that wishes to attend or participate.

A Workgroup meeting will be quorate provided at least two Transporter and two User representatives are present.

## Meeting Arrangements

Meetings will be administered by the Joint Office and conducted in accordance with the Code Administration Code of Practice.

## 4 Modification(s)

Not Applicable at this stage. The Proposer of Request Modification 0812R suggested that this Workgroup be concluded and the Workgroup Report will detail the results which can then be used as a reference should any party wish to progress this matter further at a later date.

## 5 Workgroup Assessment

Workgroup met to discuss this review on the following dates:

- [Workgroup 0812R 27 July 2023](#)
- [Workgroup 0812R 22 June 2023](#)
- [Workgroup 0812R 25 May 2023](#)
- [Workgroup 0812R 03 May 2023](#)
- [Workgroup 0812R 23 March 2023](#)
- [Workgroup 0812R 23 February 2023](#)
- [Workgroup 0812R 24 November 2022](#)
- [Workgroup 0812R 27 October 2022](#)
- [Workgroup 0812R 22 September 2022](#)
- [Workgroup 0812R 25 August 2022](#)

## Safety Matters

The Request was updated in late 2022 to include the following:

*For the avoidance of doubt, the following areas are out of scope as they are not related to meter reading*

- *Gas Safety Checks – these are Supplier licence obligations (Condition 29)*

### **Consideration of three options:**

- 1) 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.

Workgroup noted in August 2022 that Option 1 was the Proposer's preferred solution.

### **Panel Question: Does the process utilised in the IGT UNC work as an alternative arrangement?**

Workgroup noted that [IGT UNC Modification 159](#) was approved by the Authority in December 2022. The IGT UNC Modification 159 was discussed in detail at Workgroup in September 2022, noting that all IGTs take on a very different commercial approach to must-reads. Workgroup noted the summary from the IGT-UNC administrator that IGT UNC Modification 159 updates 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 aligns with Central Data Service Provider (CDSP) validation criteria and adds rigour to the process. Workgroup noted that IGT 159 also introduced changes that aligned the IGT arrangements with some DN arrangements (e.g. Smart/AMR/Active DCC removed from scope).

Workgroup did not consider the IGT process to be suitable for use in the UNC as the approach is based on a different process which is based on the different commercial basis under which IGTs operate.

### **September 2022 Workgroup discussions**

It was clarified that Workgroup would be aiming to focus primarily on discussing who should be responsible for Must Reads.

Workgroup heard various arguments that, after the implementation of Modification 0674V - Performance Assurance Techniques and Controls, PAC seems to be the best place for the Must Read process to be managed.

In addition, it was noted that in respect of Option 2 and enhancing Shipper obligations, many Shippers are not meeting their current obligations in respect of meter readings. There were concerns expressed by some Workgroup Participants that if the Must Read process was removed from Code, then this might leave a gap with no party able to fulfil the requirement.

Workgroup reviewed the reasons for exploring this Must Read process which is summarised below:

*Since the Must Read process is no longer an add-on to a Transporter's existing meter reading service, it is now difficult and gives rise to commercial risk for the Transporters 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. Not all of any cost incurred in providing the Must read Service can be passed on.*

### **Two part consideration: should a Must Read service continue to be procured and if, so by whom? (September 2022)**

The Proposer confirmed to Workgroup their view that PAC is well placed to manage the topic of Must Reads (as part of overall settlement risk) because it has the freedom to deal with issues as they see fit. This is based on the view that an absence of meter readings is a settlement risk.

When considering whether the CDSP could manage a Must Read service, the Proposer confirmed their view that a Must Read service could be carried out by CDSP and the CDSP could potentially procure a more efficient service than someone that does not already procure such a service.

Workgroup sought PAC's views on the Must Read Process, in particular is there evidence on the effectiveness of must reads and the effect on settlement accuracy: (Is there a benefit or value in the must read service and if must reads are successfully used, to what extent do they mitigate settlement risk?)

### **October 2022**

Some Workgroup Participants believed that the rollout of Smart Meters will remove the risk of meters not getting read.

Some Workgroup Participants believed that since Transporters are incentivised to be as accurate as possible in their billing and they should therefore continue to provide the Must Read Service.

### **Review of Must Read Process November 2022**

Workgroup reviewed CDSP analysis of the Must Read process, noting

- The analysis relates to a time period between 01/01/2018 – 30/09/2022.
- This analysis includes both DNO and IGT sites.
- This analysis in terms of settlement impact, is based solely on the must reads which are collected, submitted and accepted in UK Link.
- The number of sites which are in scope of the DNO must read process has reduced overtime following the introduction of certain criteria, for example, excluding Smart, DCC Active or AMR sites.

Data:

- c57k must reads were successfully uploaded and used in settlement (of which 34% from DNO SMP must reads and 66% - IGT SMP must reads).
- Also in this period, c47k failed read validation.
- Over the observed period, for DNO sites, there has been a decline (over time), in terms of number of successfully uploaded must reads and the energy associated to these.
- Over the last 12-months of the observed period, approx. 0.09% of LDZ AQ has been settled via the must read process.

A Workgroup Participant noted that Shippers will be charged for the circa 47k reads submitted that failed read validation (they were rejected) and that this could cost up to roughly £2million<sup>1</sup>, despite the

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<sup>1</sup> Based on £50 per must read.

expenditure adding nothing to the process (note that 50% of these are eventually manually validated and successfully loaded which does potentially reduce the cost significantly).

### Reads which fail validation November 2022 and February 2023

Workgroup requested to consider in more detail what happens to these reads which fail validation. CDSP colleagues confirmed that once a reading fails validation, the Demand Estimation Team review each read to see what could be uploaded, and subsequently 50% of those rejected read get uploaded, the remaining reads which have been rejected and cannot be uploaded are returned to the Shipper. These returned failed reads must be actioned by the Shipper. These are likely to require Asset updates which require Shipper activity to correct.

The Proposer noted that the scope of the Review is not to consider the loading or non-loading of meter readings.

Workgroup requested the CDSP to provide a selection of manual validation scenarios which are shown below:

Action 0111 – Manual Validation Scenarios			
The table below details the most common manual validation scenarios for must reads.			
Rejection Code	Rejection Description	CDSP manual action	Possible Shipper action if CDSP manual action not possible
MRE01026	Reading breached the lower Outer tolerance (i.e. Read is lower than last Actual read)	<ul style="list-style-type: none"> <li>Compare must read to last Actual Read and upload must read if confident reading has gone through the zeros (TTZ).</li> </ul>	<ul style="list-style-type: none"> <li>Review last Actual Read held on UK Link to ensure it is correct (and replace as necessary via .UMR file for Class 4 (or .UBR for Class 3).</li> </ul>
MRE01029	Reading breached the upper Inner tolerance value and no override flag provided (i.e. energy resulting from Read is deemed excessive for the sites Annual Quantity (AQ) but could be valid)	<ul style="list-style-type: none"> <li>Investigate to see if must read falls in line with historic Actual reads – if so must read is uploaded by including the override flag.</li> </ul>	<ul style="list-style-type: none"> <li>Review last Actual read(s) held on UKLink system to ensure it is correct and replace as necessary via .UMR file for Class 4 (or .UBR for Class 3).</li> <li>Check the AQ is appropriate for the site and update as necessary via .AQI file (since the AQ is used in the tolerance calculation).</li> </ul>
MRE01027	Reading breached the Upper Outer tolerance (i.e. energy resulting from Read exceeds the allowable tolerance for the sites Annual Quantity (AQ))	<ul style="list-style-type: none"> <li>Manual upload of must read not possible for this rejection reason, since resulting energy is deemed far too large.</li> </ul>	<ul style="list-style-type: none"> <li>Confirm UK Link holds the correct meter asset info (missed meter exchanges can cause incorrect energy calculations).</li> <li>Check the AQ is appropriate for the site and update as necessary via .AQI file (since the AQ is used in the tolerance calculation).</li> </ul>
MRE00419	The meter serial number (MSN) provided with the Read does not match with the MSN held on UK Link	<ul style="list-style-type: none"> <li>If MSN provided with must read is a close match with the MSN held on UKLink, the Must Read is uploaded.</li> <li>If MSN is not a close match, both MSNs are communicated to Shipper via the CMS contact.</li> </ul>	<ul style="list-style-type: none"> <li>Confirm UK Link holds the correct meter asset info (particularly the MSN) and update accordingly (via ONJOB/ONUPD file)</li> </ul>
MRE00457	Meter Reading is less than previous meter reading	<ul style="list-style-type: none"> <li>Compare must read to last Actual Read and upload must read if confident reading has gone through the zeros (TTZ).</li> </ul>	<ul style="list-style-type: none"> <li>Review last Actual Read held on UK Link to ensure it is correct (and replace as necessary via .UMR file for Class 4 (or .UBR for Class 3).</li> </ul>
MRE00490	A breach of the allowed reading submission frequency occurred (i.e. meter read is being submitted too often for the Meter Read Frequency)	<ul style="list-style-type: none"> <li>No action possible, since unable to override the system validation.</li> </ul>	<ul style="list-style-type: none"> <li>No action required.</li> </ul>
MRE01016	Actual read can only be replaced by a replacement read. (i.e. a Read has been loaded to UKLink for the same read date as the must read)	<ul style="list-style-type: none"> <li>No action possible, since unable to override the system validation.</li> </ul>	<ul style="list-style-type: none"> <li>No action required.</li> </ul>

#### Additional Data:

Aggregated AQ of sites reconciled via the Must Read process:

During observed period (January 2018 to September 2022)

Total AQ (DNO & IGT): 5,794,539,667 kWh

- DNO total: 5,265,936,593 kWh
- IGT total: 528,603,074 kWh.

Last 12 months (October 2021 to September 2022):

Total AQ (DNO & IGT): 465,495,118 kWh

- DNO total: 338,310,567 kWh
- IGT total: 127,184,551 kWh.

The Proposer requested that the figures be presented as percentages which the CDSP subsequently provided. These can be found here in slide 8 (published on the March 2023 PAC meeting page):

[0812R Must read analysis v3.0](#)

**PAC input on effectiveness of must-reads and the effect on settlement accuracy (March 2023)**

Workgroup passed the following questions to PAC:

- 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?

The Chair of the Performance Assurance Committee (PAC) has provided the following response:

Question	PAC Response
Is there a benefit or value in the must-read service?	It is difficult to tell as PAC does not know how much of a deterrent the Must Read service is. If it was stopped, PAC would not know whether shippers would stop submitting reads as there would be no consequence.
If must-reads are successfully used, to what extent do they mitigate settlement risk?	Based on the numbers shared by Ellie Rogers (Xoserve data) it looks very low but again, PAC does not know whether the Must Read service is good at encouraging read submission.
Are Transporters the appropriate party to provide the service?	PAC confirmed that it is not their role to provide a view on an appropriate party to provide this service.
If they are not, who should provide the service?	PAC being responsible [for the service] was discussed but this would have to be a service offered through the CDSP and the costs of providing that service are unknown. PAC did discuss a 'user pays' principle.
There are c47k meter reads that are failing validation: Does the c47k create a risk to Settlement?	Yes, any time we do not have a read it affects settlement. PAC did assume that these were 47k Must Reads so no other reads had been submitted.
Do the Failures (c47k) have any adverse impact on settlement?	Yes, same as above.
<p>PAC also discussed current read performance, which is poor and therefore ceasing the Must Read service entirely would detrimentally impact settlement.</p> <p>Modification 0664VVS – Transfer of Sites with Low Valid Meter Reading Submission Performance from Classes 2 and 3 into Class 4, was mentioned and it was generally believed that it will improve the read situation.</p>	

CDSP also took away an action to look at how many Must Reads were initially raised that ended up delivering 57K successful Must Reads.

PAC minutes from March 2023 can be found here: (see item 5.2.2)

<https://www.gasgovernance.co.uk/PAC/140323>

The Proposer summarised that PAC had not really arrived at a firm consensus to support Option 3 however he confirmed that PAC had agreed that Transporters had no dependencies on the Must Read process, so removing the obligations from them was logical as this is a Shipper settlement issue.

Based on the information provided by PAC, the Proposer felt that provision of meter reads is a matter for Shippers.

### **Exploring Option 3 (March, April and May 2023)**

Workgroup believed PAC did not have a preferred solution and it appeared to be clear that PAC's view is that Transporters should not be doing the Must Reads. On further reflection at a subsequent meeting, ..PAC noted it is not for them to comment on who is best placed to carry out the Must Read service.

The Proposer outlined how option 3 could work even though it appears not to be the preferred solution. Workgroup discussed Option 3 whereby the CDSP is proposed to procure a central Must Read service. Two ways were put forward.

#### **Option 3a)**

In terms of option 3a whereby the CDSP are proposed to procure and manage a Must Read service in a similar manner to each DNO currently, when considering this option, the CDSP would want to understand the current challenges faced by the DNOs in terms of managing the Must Read process currently. For example, what are the main challenges in terms of obtaining a successful Must Read currently. By understanding this, if option 3 was considered for progression, the service procured could be as effective as possible or an alternative approach might prove more appropriate. A significant challenge with the CDSP taking on the process is the right to access. With Must Reads being unscheduled and possibly unexpected visits, there is no requirement for an end consumer to allow a party access to obtain a meter reading. Essentially when considering option 3a, a discovery exercise would be required to understand the current challenges and the requirements and expectations for a central service would need to be set with the industry.

#### **Option 3b)**

It was agreed by Workgroup that option 3b (whereby the CDSP procures the service only where PAC triggers it) would be more complicated. The CDSP had concerns around the efficiency of option 3b and believed it would be the more expensive option especially as it would likely involve a retainer cost for a party to undertake a Must Read when PAC instruct.

Option 3b) was rejected because it was not felt to be an efficient way forward.

### **May 2023**

The Proposer of Request Modification 0812R suggested that this Workgroup be concluded and the Workgroup Report will detail the results which can then be used as a reference should any party wish to progress this matter further at a later date.

### **June 2023**

A Workgroup Participant asked whether it was appropriate for PAC to make the call on who was appropriate or not to undertake procurement of must reads. The Workgroup noted the following extract from the minutes of the PAC March 2023 meeting:

## **5.2 Consider Requirements for 0811, 0812R & 0819**

### **5.2.1. UNC Modification 0811**

PAC discussed the process that would be introduced as a result of Modification 0811 being implemented and also noted that any new reports needed to ensure that there was no double counting of reads. E Rogers (ER) agreed to review the reporting requirements.

**New Action PAC0305:** *Reference Consider Requirements for 0811* – CDSP (ER) agreed to review reporting requirements and provide an update at the April 2023 PAC meeting.

### **5.2.2. UNC Request 0812R**

KE shared a list of questions, provided by the Distribution Workgroup (DWG), that they wanted PAC to consider regarding the Must Read process incl. benefits, impact on settlement risk, and ownership.

A discussion around how much of a deterrent the current Must Read process was took place, however, it was recognised that it would be difficult to quantify. It was also acknowledged that current read performance is poor and any reduction in reads, of any type, would increase the risk to settlement.

Discussions around ownership of the Must Read process took place, acknowledging that ownership of the process needed to sit with a party who had a vested interest.

**New Action PAC0306:** *Reference Consider Requirements for 0812R* – JO (KE) to provide a response to the DWG Chair ahead of the next DWG meeting.

The PAFA representative clarified for Workgroup their understanding that PAC could comment on the impact on settlement but it is felt that it is not currently within the scope of the Performance Assurance Framework Document (PAFD) for PAC to procure meter reads, though this could be changed via a modification.

The above statement taken together with the other information given above in the table (March 2023) from PAC does not give a clear view for Workgroup that PAC should be responsible for procuring must reads.

The Proposer and several Workgroup Participants requested further timely clarification from PAC and the Chair of PAC in relation to the comparison of the March PAC minutes and the statement given. Ideally a response for consideration at the next Workgroup meeting on 27 July 2023.

Workgroup discussed the extract of the PAC minutes dated 18 July 2023 and noted that PAC role is to consider settlement risks and that these questions fall outside of the vires of PAC. It was noted that PAC monitors settlement risks and these might be influenced by changes to the Must Read process if relevant.

The Proposer reiterated that Transporters no longer have a vested interest in procuring the Must Read service which was part of the basis for raising the Request.



## 6 Recommendations

### Workgroup's Recommendation to Panel

The Workgroup asks Panel to agree that:

- This Request should be closed.