

UNC Modification	At what stage is this document in the process?
<p>UNC 0XXX:CDSP to convert Class 3 or 4 meter points to Class 1 when G1.6.15 criteria are met</p> <p><i>(Code Administrator to issue reference)</i></p> <p>Mod Title <i>(Please provide a short informative title)</i></p>	<div style="display: flex; flex-direction: column; gap: 5px;"> <div style="border: 1px solid #00a651; background-color: #00a651; color: white; padding: 2px; border-radius: 4px;">01 Modification</div> <div style="border: 1px solid #00a651; background-color: #e0f2f1; padding: 2px; border-radius: 4px;">02 Workgroup Report</div> <div style="border: 1px solid #00a651; background-color: #e0f2f1; padding: 2px; border-radius: 4px;">03 Draft Modification Report</div> <div style="border: 1px solid #00a651; background-color: #e0f2f1; padding: 2px; border-radius: 4px;">04 Final Modification Report</div> </div>
<p>Purpose of Modification: <i>(Proposer to provide a short description)</i></p> <p>This Modification proposes that where the requirement for a Class 3 or 4 meter point to become Class 1 (number of calculations and number of months) has been met, and the Shipper has not taken steps to convert the site to Class 1 within a [1 month] grace period, that the CDSP would take steps to convert the meter point to Class 1.</p> <p>The Modification also proposes a new Performance Assurance report of sites where the CDSP has taken action, over the previous 12 months.</p>	
	<p>The Proposer recommends that this modification should be: <i>(delete as appropriate)</i></p> <ul style="list-style-type: none"> subject to self-governance assessed by a Workgroup <p>This modification will be presented by the Proposer to the Panel on dd mmm yyyy <i>(Code Administrator to provide date)</i>. The Panel will consider the Proposer's recommendation and determine the appropriate route.</p>
	<p>High Impact: <i>(Proposer to identify impacted parties)</i></p> <p>None</p>
	<p>Medium Impact: <i>(Proposer to identify impacted parties)</i></p> <p>Shippers, CDSP, DM Service Providers</p>
	<p>Low Impact: <i>(Proposer to identify impacted parties)</i></p> <p>Gas Transporters, affected End Consumers</p>

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Timetable	
<i>Please provide proposer contacts and an indicative timeline. The Code Administrator will update the contents and provide any additional Specific Code Contacts.</i>	
The Proposer recommends the following timetable: (amend as appropriate)	
Initial consideration by Workgroup	29 April 2019
Workgroup Report presented to Panel	15 August 2019
Draft Modification Report issued for consultation	16 August 2019
Consultation Close-out for representations	6 September 2019
Final Modification Report available for Panel	12 September 2019
Modification Panel decision	19 September 2019

Any questions?

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Commented [XO2]: Proposal drafted by Xoserve UIG Task Force, awaiting UNC Party to sponsor

Commented [XO1]: Xoserve suggestions, to be reviewed by Proposer

1 Summary

Please provide a summary of the modification proposed – i.e. **what** is the identified defect/change in the existing code that needs to be rectified, **why** this change needs to be made, and **how**.

What

Provide a summary of **what** needs to be changed so that readers have an overview of what the identified defect is that needs to be rectified.

This Modification proposes that the CDSP is given an obligation to convert Class 3 and 4 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 very large sites are subject to NDM Demand Estimation, as opposed to being Daily Metered.

It does not envisage a similar obligation for Class 2 meter points which have met the Class 1 criteria, on the basis that they are already daily metered.

Why

Provide a summary of **why** this change should be made, so that readers have an overview of the impact if the change isn't made.

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

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

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

Measures to shorten the period between qualification and conversion to Class 1 would help to reduce daily UIG volatility.

How

Provide a summary of the proposed Solution so that readers have an overview of **how** you propose to address the defect.

This Modification proposes that after the qualifying period for the requirement for a meter point to become Class 1 is met, where the meter point is currently Class 3 or 4, and where the Shipper has not taken steps to convert the meter point to Class 1 within a grace period of [1 month] that the CDSP would have an obligation to convert the meter point to Class 1 and advise the relevant Shipper of the changes.

This would include arranging for the installation of daily reading equipment, where this is not already in situ.

This Modification also seeks to introduce an additional report to Performance Assurance Committee (and a corresponding anonymised report) of the count and aggregate AQ of meter points where the CDSP is in the process or has completed work to convert to Class 1, over the previous 12 month period.

Note: a separate UNC Modification proposal will consider possible reduction of the qualifying period for Class 1, so that is out of the scope of this proposal.

2 Governance

Justification for Self-Governance

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

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

Please state clearly which governance procedures apply and why, referring to the relevant criteria (reproduced by the Code Administrator below):

*The proposer must explain the level of materiality that justifies the chosen route. **MATERIALITY MUST BE EVIDENCED TO REQUEST AUTHORITY DIRECTION***

Self-Governance Criteria (please delete criteria):

The modification:

(i) is unlikely to have a material effect on:

- (aa) existing or future gas consumers; and*
- (bb) competition in the shipping, transportation or supply of gas conveyed through pipes or any commercial activities connected with the shipping, transportation or supply of gas conveyed through pipes; and*
- (cc) the operation of one or more pipe-line system(s); and*
- (dd) matters relating to sustainable development, safety or security of supply, or the management of market or network emergencies; and*
- (ee) the uniform network code governance procedures or the network code modification procedures; and*

(ii) is unlikely to discriminate between different classes of parties to the uniform network code/relevant gas transporters, gas shippers or DN operators.

Requested Next Steps

This modification should: *(delete as appropriate)*

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

Please provide any additional information to support your preferred next steps, such as any critical events driving the timeline. For instance, if you wish your proposal to be issued directly to consultation without workgroup assessment, you must explain why such an assessment is not required and include details of any pre-modification engagement.

3 Why Change?

This section sets out the defect in Code, which may be an error, an omission or something the Proposer wishes to change. The context for the proposal must be clearly set out and should explain:

- 1. What the driver is and which parties are impacted;*
- 2. Why this is a Code matter (in the case of new additions); and*

3. What the effects are should the change not be made.

The current arrangements do not provide sufficient incentive for meter points to be moved to a Class 1 service, once the qualifying criteria are met. If there is a delay, the meter point will be subject to NDM Allocation, based on a standard national profile, rather than being allocated energy based on its actual daily usage.

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

4 Code Specific Matters

Please include any Code Related Documents or Guidance notes that are relevant. Weblinks are very helpful. Also, any specific analytical or assessment-related skills you believe would aid the assessment.

Reference Documents

UIG Task Force findings:

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

Knowledge/Skills

A knowledge of the daily reading process would be useful.

5 Solution

The solution must clearly set out the contractual (UNC) changes required, not the detail of the process/system change required.

Any additional explanation that Proposers believe is helpful, but that is not intended to be written into Code, must be clearly marked as such ("for information only" or "for the avoidance of doubt" or similar works well in such situations) to aid with the development of legal text.

Insert subheading here (if required)

This Modification proposes that after the qualifying period for the requirement for a meter point to become Class 1 is met, where the meter point is currently Class 3 or 4, and where the Shipper has not taken steps (e.g. submitted a re-confirmation to Class 1) to convert the meter point to Class 1 within a grace period of [1 month] that the CDSP would have an obligation to convert the meter point to Class 1 and advise the relevant Shipper of the changes.

This would include arranging for the DM Service Provider to include the meter point in their daily reading files to the CDSP.

This Modification also seeks to introduce an additional report to Performance Assurance Committee (and a corresponding anonymised report) of the count and aggregate AQ of meter points where the CDSP is in the process or has completed work to convert to Class 1, over the previous 12 month period.

For the avoidance of doubt, this Modification does not propose to change the G1.6.15 rules as far as they relate to the Class 1 requirement, as that will be subject to a separate Modification proposal.

A change to the Data Services Contract may 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 meter point to Class 1, including any administration costs.

6 Impacts & Other Considerations

All parts of this section must be completed; showing "None" where the Proposer believes this is so.

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

In the event there is an impact on an SCR, Proposers must confirm that they have Ofgem approval to proceed.

None

Consumer Impacts

Proposers must provide their view of the impacts on all consumer groups that may be affected; this will be supported by further input from Workgroup participants later in the process. If 'none', please also explain.

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

Cross Code Impacts

Please identify any other impacted energy code – a full list is available in the CACoP ([Ofgem](#)) - and the extent of those impacts e.g. a similar modification has been raised in another Code.

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

EU Code Impacts

Please identify any impacted EU energy code

None

Central Systems Impacts

Proposers must provide their view of the impacts on central systems (inc. Gemini and UK Link) that may be affected; this will be supported by further input from the Central Data Services Provider (Xoserve) later in the process. If 'none', please also explain.

CDSP systems will need to be changed to identify sites which have met or are approaching the qualifying threshold and to produce the additional reports and notifications to Shippers. The CDSP will need to establish processes to undertake the conversion to Class 1, including liaising with providers of daily reading equipment, where that is not already fitted at the meter point. The CDSP may need to put commercial contracts in place for the procurement of daily reading services.

Depending on the outcome of UNC Modification 0647 (Opening Class 1 Reads to Competition), the CDSP may also need to liaise with DM Service Providers to set up the meter point as Class 1.

7 Relevant Objectives

Impact of the modification on the Relevant Objectives:

Relevant Objective	Identified impact
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a) Efficient and economic operation of the pipe-line system.	Positive
b) Coordinated, efficient and economic operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters.	Positive
c) Efficient discharge of the licensee's obligations.	None
d) Securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers.	Positive
e) Provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards... are satisfied as respects the availability of gas to their domestic customers.	None
f) Promotion of efficiency in the implementation and administration of the Code.	None
g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	None

Use of Class 1 instead of Class 3 and 4 would lead to greater accuracy of daily allocation, less UIG volatility and lower levels of subsequent meter point reconciliation.

8 Implementation

As far as they are known, the anticipated implementation costs for all industry parties (e.g. Transporters, Shippers, adjacent TSOs, Storage/Terminal Operators, central systems, customers) should be provided.

Provide any views you have on implementation timescales, including the costs and benefits of a range of implementation options where appropriate.

If a suggested implementation date is not provided and the decision is to accept the modification, then the Transporters will set the implementation date.

*If a timescale for implementation is suggested, the format explained below **must** be used, and brief reasons provided for each suggested date.*

- At least two fixed implementation dates must be specified, and for each of these the latest date by which an implementation decision is required if the date is to apply: e.g. 01 June 2014 if a decision to implement is issued by 15 May 2014; 01 September 2014 if a decision to implement is received by 06 August 2014.*
- In addition, a backstop lead time must be specified to allow for any later decision date: e.g. if a decision to implement is received after 06 August 2014, implementation 21 business days following the decision to implement.*

Suggested wording for Self-Governance Modifications:

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. A Change Proposal will also be required to determine the cost of changing the CDSP's systems and processes, including any reports for PAC.

9 Legal Text

Text Commentary

Legal text to be provided.

10 Recommendations

Proposer's Recommendation to Panel

Panel is asked to:

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