



COVID-19 Modifications

Overview and How-To Guides

Background

- Due to COVID-19 lockdown the industry highlighted material impacts to many Supply Meter Points
 - NDM Allocation may not be accurate – has no concept of the lockdown so could be over or under – current Unidentified Gas volatility is a clear indicator of that
 - Sites are dramatically increasing consumption (e.g. toilet roll and hand sanitiser factories)
 - Sites are shutting down entirely (e.g. pubs, restaurants, gyms) or drastically reducing usage
 - Incorrect NDM read estimation due to unexpected usage patterns
 - Rolling AQ changes in line with changed consumption – could result in inaccurate allocations post-COVID
 - Ratchet charges or meter read rejections where DM sites suddenly increase their usage
 - Increase in DM Capacity charge rates where AQ drops below 732,000 kWh
- Two sessions of UNC Distribution Workgroup discussed the issue and possible mitigations on 26th March and 14th April

UNC Modification Proposals

- There was no one single solution for all the different impacts/scenarios
- Sites are affected in different ways, at different times and at different durations
- **Four** Urgent UNC Modifications have been raised:
 - Use of the Isolation Flag during COVID-19 period
 - Submit Estimated Meter Readings during COVID-19 period
 - Use of AQ Corrections during COVID-19 period
 - Amendment to Ratchet charges during COVID-19 period

Structure of the Session

- For each of the four UNC Mod Proposals, there will be:
 - Introduction
 - Scenarios
 - How-to guide
 - What do to after COVID-19
- Opportunity for questions after all four Mods have been covered
 - please log questions via the Conversation page within the Skype call

Effective Periods of the Four Modifications

- All four UNC Modifications are intended to be temporary – included in the Transition Document of UNC
- All are effective for the same specific “Relevant Period” – linked to the government’s Coronavirus Act 2020
- This means that the rules cease to apply automatically – no need for a further Mod – and means we can have multiple Relevant Periods if we have further lockdown periods

Modification 0723 - Use of the Isolation Flag to identify sites with abnormal load reduction during COVID-19 period

Use of the Isolation Flag

- [0723 \(Urgent\) - Use of the Isolation Flag to identify sites with abnormal load reduction during COVID-19 period](#)
- Raised by Northern Gas Networks 21/04/2020
- Implemented with effect from 12/05/2020

Background

- Live Supply Meter Points are subject to energy allocation and are also subject to the relevant share of Unidentified Gas (UIG) against each site
- Restrictions on businesses and people under the COVID-19 have resulted in some sites not consuming gas, but still being subjected to the above rules

Modification proposal

- The Modification will allow Users to utilise the meter isolation flag, under specific circumstances, without the warranted activities taking place (physical isolation of the meter), during a COVID-19 period
- Process will apply to sites where gas usage has ceased or drastically scaled back due to COVID-19 – they will be excluded from daily allocations and therefore from impacting UIG allocation during the relevant period

Meter Isolation - Scenarios

- For Non-Daily Metered sites which are using no gas or very little gas due to COVID-19 lockdown
- Mod allows a Shipper to set a Supply Meter Point to Isolated status without doing any physical work on site to prevent the flow of gas
- Mod specifies sites must be consuming zero gas or no more than **2.5%** of the normal usage
- Isolation status removes the site from NDM Allocation and UIG sharing 3 Business Days after the update is processed
- Meter reads should not be submitted during the Isolated period
- Isolation also removes the site from Rolling AQ calculation processes

Benefits of Use of the Isolation Flag

POSSIBLE MEASURES	Class 1/2 Impacts to be addressed			Class 3/4 Impacts to be addressed				Notes
	Read rejections (due to increased usage during lockdown)	Step change in Capacity Charge Rates (when AQ drops under 732,000 kWh)	Read rejections (due to usage increasing after lockdown)	Inaccurate Nominations & Allocations (during lockdown)	Inaccurate Nominations & Allocations (after lockdown)	Read rejections (increased usage – during/ after lockdown)	Over/Under-stated NDM Read Estimation	
Use of Isolation Flag	X	X	X	✓	X Requires Isolation Flag to be removed again	X	? Only helps with sites which have shut down/ drastically reduced usage	



How To Guide? Meter Isolation

Isolation Process

- Setting of the Isolation Status in UKLink is via RGMA flows: JOB or UPD
- It is recommended that the **UPD file** is used as **no physical update** is taking place and the UPD file will not update the C&D store
- The 'Asset Code Status' to be used is '**CL**': **Clamped**
- **The maximum transaction segments that can be submitted per file is 5,000**
- For Isolation (and reconnection) activity meter readings are mandatory in both files, if a convertor is fitted these readings are also mandatory
- An estimated read will not be generated by Xoserve if a meter reading is not provided – Shipper will need to provide their “best estimate” if no actual reading is available

Isolation Process Cont.

- Please note the following relating to setting the Isolation Flag on UKLink:
 - If the MPRN has a voluntary withdrawal in place, the Isolation Flag will trigger the ceased responsibility process and the shipper will lose ownership of the site
 - Reads provided by the shipper to isolate the meter cannot be replaced
 - When the status is amended to 'Reconnection' a meter reading is mandatory on the request, the read provided **must be the same as the isolation read**. If the meter has advanced during the Isolation period, an advancing read must be sent following acceptance of the reconnection read
 - If the site transfers ownership the incoming Shipper will be notified that the meter point is isolated. The Shipper will not know if this is a true isolation or an isolation due to COVID-19
 - The S75 record provides the Operational Status of the meter point, the U06/N90 will provide the current Meter Status (on the MRI file) to the Incoming shipper

What To Do After COVID-19

- Shipper must notify Xoserve promptly as soon as they know that the site is now consuming more than 2.5% of normal usage
 - Shipper sends the Reconnection via an RGMA flow [to remove the Clamped status]
- Supply Meter Point status will return to Live 3 business days after the processing date
- The meter point will be included in daily allocations and AQ review again – AQ calculation will ignore the Isolation period but can go back before the Isolation

Modification 0722 - Allow Users to submit Estimated
Meter Readings (as Actuals) during COVID-19

Submitting Estimated Meter Readings

- [0722 \(Urgent\) - Allow Users to submit Estimated Meter Readings \(as Actuals\) during COVID-19](#)
- Raised by Gazprom 21/04/2020
- Implemented with effect from 12/05/2020

Background

- Currently Users are unable to submit estimated Meter Readings other than estimated Proposing User Estimate Opening Meter Readings, on the assumption that Shippers will either be able to obtain meter readings through site visits, or from customers
- As a result of the COVID-19 pandemic, routine site visit activity has reduced significantly/ceased. In addition, many sites are unoccupied as the premises are closed/empty, and their customers are unable to obtain meter readings
- Though many any sites are known to have dramatically altered their consumption, it is not possible under the terms of the UNC to provide estimated meter readings. This means that these sites are not being reconciled to reflect the consumption at the Supply Meter Point

Modification Proposal

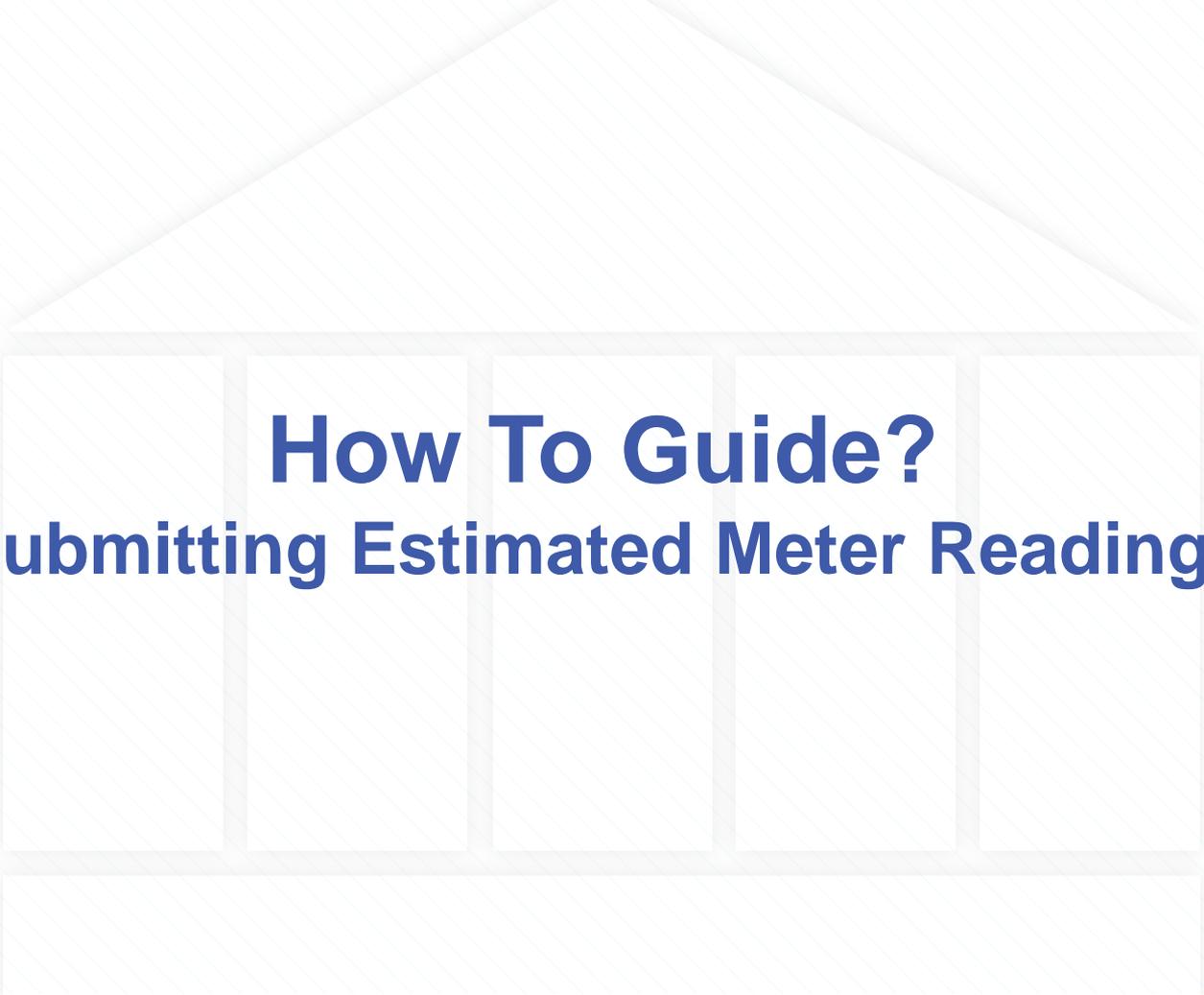
- This Modification proposes that Users are permitted to submit estimated consumption via a calculated estimated Meter Reading for Non-Daily Metered Supply Meter Points during the COVID-19 pandemic to reflect consumption that is more representative and generate a reconciliation of the allocated energy

Submitting Estimated Meter Readings - Scenarios

- For Non-Daily Metered sites with significantly different consumption due to COVID-19 lockdown, where actual meter readings aren't available
- Could be used for sites where the current consumption is not low enough to qualify for the temporary change to the Isolation rules

Benefits of Use of Estimated Reads

POSSIBLE MEASURES	Class 1/2 Impacts to be addressed			Class 3/4 Impacts to be addressed				Notes
	Read rejections (due to increased usage during lockdown)	Step change in Capacity Charge Rates (when AQ drops under 732,000 kWh)	Read rejections (due to usage increasing after lockdown)	Inaccurate Nominations & Allocations (during lockdown)	Inaccurate Nominations & Allocations (after lockdown)	Read rejections (increased usage – during/ after lockdown)	Over/Under-stated NDM Read Estimation	
Submit estimated meter reading (if no actuals available)	N/A	X	X	X But ensures that a monthly “reconciliation to zero” occurs	X First “actual” reading will account for any pre-lockdown energy	X	 In part – reduces period of incorrect estimation	AQ calculation would use these meter readings



How To Guide?

Submitting Estimated Meter Readings

Estimated Meter Readings Modification Guidelines

- Users may submit an Estimated Meter Reading as an Actual Meter Reading for a Class 3 or 4 site where, in the User's reasonable estimate, no Actual Meter Reading can be obtained as a result of coronavirus (as defined in the Coronavirus Act 2020)
- An Estimated Meter Reading must reflect as closely as possible the site's estimated consumption for the period covered by the Meter Reading, in the User's reasonable opinion
- User must keep records of how any Estimated Meter Readings were derived for a period of 2 years

NDM Meter Readings Process

- Meter Readings are submitted via:
 - UBR file for Class 3 MPRNs
 - U13 record providing Supply Meter Point details, maximum records per file is 1,000
 - U14 record providing meter reading, maximum 40,000 records per file
 - UMR for Class 4 MPRNs
 - U01 record providing meter reading, maximum 300,000 records per file
 - **METER_READING_REASON of 'N' - Non Opening Read**
 - **Recommend “Meter Reading Source” of E (End User)** as this will probably have been estimated in conjunction with consumer expectation of consumption
 - Meter Reading Source of M (MRA) or R (Remote) are also valid
 - File format states: “Meter Reading Reason of N may **not** be provided with of A, G or Q”

Validation of Meter Readings

- Existing Meter Reading Validations will apply, for example:
 - Meter Readings will continue to be subject to the UNC Meter Reading validation rules and tolerance checks
 - The checks only look for negative or very large consumptions
 - No rejection of very low consumptions
 - Reads must be submitted in line with existing UNC rules on frequency, e.g. no less than 25 Business Days after the last cyclic reading for non-Monthly read sites

Impacts of Meter Readings

- For NDM Meter Points the daily consumption is estimated using the AQ via the Demand Estimation process
- Following acceptance of an estimate submitted as an actual meter reading this will trigger a meter point reconciliation – the difference between allocated and actual consumption makes up the reconciliation charges which are invoiced via the Amendment invoice
- Meter Readings accepted by the 10th calendar day of the following month will also be used in the AQ process to revise the AQ
- Receipt of a Meter Reading will also prevent the Must Read process being triggered

What To Do After COVID-19

- The relaxation of rules allowing estimates ceases when lockdown restrictions are removed
- From that date only actuals can be submitted as cyclic readings
- The next accepted Meter Reading will trigger a meter point reconciliation and will correct any over- or under-estimating during the COVID-19 period

Modification 0721 - Shipper submitted AQ Corrections
during COVID-19

Use of AQ Corrections - Introduction

- [0721 \(Urgent\) - Shipper submitted AQ Corrections during COVID-19\)](#)
- Raised by Gazprom 21/04/2020
- Ofgem decision still pending

Background

- Currently within the UNC Users are able to submit an AQ Correction request where they consider that the Annual Quantity does not reflect the expected seasonally adjusted consumption of gas over the subsequent 12 months
- The UNC sets out eligible reasons for a AQ Correction – temporary reduction due to COVID-19 Lockdown does not meet any of these eligible reasons

Modification proposal

- Shipper submitted AQ Corrections during COVID-19 will be accepted, enabling the Shippers to submit an AQ Correction to amend the AQ in response to the changing consumption of the end user as a result of the COVID-19 crisis

AQ Correction - Scenarios

- For **Non-Daily Metered** Larger Supply Points with significantly different consumption due to COVID-19 lockdown – e.g. those using more than 2.5% of AQ
- Available to End User Category 02 and above (AQ > 73,200 kWh) only, due to UKLink system capacity limitations
- Not available to sites that have already been Isolated or due to be Isolated
- Shipper can submit a reasonable estimate of the current annualised Seasonal Normal consumption

Benefits of Use of AQ Corrections

POSSIBLE MEASURES	Class 1/2 Impacts to be addressed			Class 3/4 Impacts to be addressed				Notes
	Read rejections (due to increased usage during lockdown)	Step change in Capacity Charge Rates (when AQ drops under 732,000 kWh)	Read rejections (due to usage increasing after lockdown)	Inaccurate Nominations & Allocations (during lockdown)	Inaccurate Nominations & Allocations (after lockdown)	Read rejections (increased usage – during/ after lockdown)	Over/Under-stated NDM Read Estimation	
Shippers submit AQ Corrections where required	N/A	N/A	N/A	✓	X (need to correct again after lockdown)	? (need to correct again after lockdown)	? (need to correct again after lockdown)	Impact on Formula Year AQ and Network Revenue (and possibly prices).

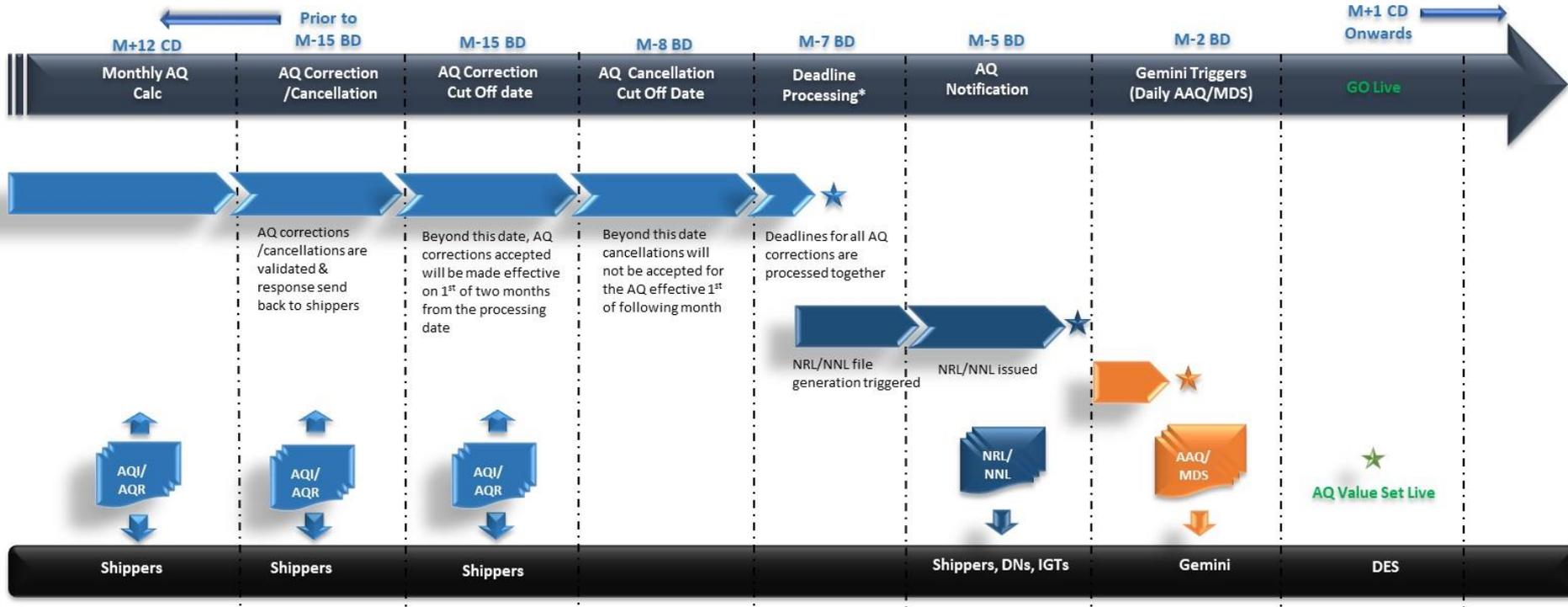


How To Guide? AQ Corrections

AQ Correction Submission

- An AQ Correction is submitted via the AQI file
 - AQR is the response file notifying whether the request has been accepted or rejected
- 1,000 records are permitted on an AQI file
- The C41 record is required within the AQI file
 - ‘REQUEST_REASON- 2: Change in Consumers Plant’
 - ‘REQUESTED_ESTIMATED_AQ’ provide the estimated annualised consumption for the meter point
 - ‘SUPPORTING_INFORMATION’ required for reason code 2 – must be **COVID** in this scenario (not case sensitive)
- To cancel the AQ Correction request, the AQI file must be submitted before M-8 Business Days, record C42

AQ Correction Process



AQ Correction Modification Guidelines

- Process should only be used where the site's consumption has varied unexpectedly due to the impact of "coronavirus" (as defined in the Coronavirus Act 2020)
- Process will only apply to EUC Codes 2 to 9 that have not been Isolated
- EUC Code 1 is not included to reduce the volume of transactions to make the process manageable for the CDSP systems
- Any AQ Correction request for MPRNs in EUC 01 or any AQ Correction for EUC 02 to 09 without the reason description of COVID will be cancelled and therefore will not become effective

AQ Corrections – Winter Consumption Check

- Sites in EUC 03 to 08 should have a Winter consumption calculation and a Winter:Annual Ratio
- AQ Correction process validates that the requested AQ is greater than the current Winter Consumption – presently uses Winter 2018/19
- Correction will be rejected if that check fails
- For these sites, will first need to submit a Winter Consumption reduction, then an AQ reduction
 - Link to existing training material on WAR Bands:
<https://www.xoserve.com/media/7737/automated-aq-wc-correction-v3.pdf>
 - Note that Winter Consumption reductions cannot be cancelled – would need to be updated again the following month if the related AQ Correction is cancelled

Impacts of Amending the AQ via AQ Correction Process

- Following acceptance of the AQ Correction request the AQ will be corrected for the 1st of the following month (depending on the submission date, please refer to AQ Correction timeline)
- Once the revised AQ is effective a 'backstop date' is applied which prevents a **recalculation** of the AQ for 9 months
- The revised AQ will be used for:
 - Daily NDM allocation processes to estimate the gas consumption
 - Setting tolerance bands for meter reading validation
 - Deriving the transportation rate applied for transportation charges

AQ Corrections for 1st June Effective Date

- Timeline for AQ to be effective 1st June 2020
 - AQ Correction submitted by 7th May 2020 (NB: expected Ofgem decision on 1st May)
 - The requests will be validated
 - AQ notification files providing the revised AQ will be submitted to you by 25th May 2020
 - Submissions after this date will not be effective until 1st July 2020

Management of System Impacts

- UKLink normally processes around 3,000 AQ Corrections per month
- We will monitor use of this function closely due to concerns about system capacity – we have not had time to make any extra capacity available
- Shippers who are planning to use this functionality **please** contact their Xoserve Customer Advocate to let them know the planned volumes and timings

What to Do After COVID-19

- Sites are likely to return to normal – or new normal – at different times
- Shipper needs to submit another AQ Correction as soon as they are aware that usage has changed again – once the initial AQ Correction has become effective there is no restriction on when the next AQ Correction can be submitted – but note the rules about M-15 Business Days to take effect
- Xoserve will send regular reports to Shippers after lockdown to highlight sites with a COVID AQ Correction and ask Shippers to review usage with their customer
- The next actual meter reading will trigger meter point reconciliation and correct the allocated position
- Use of AQ Correction sets an AQ Backstop – AQ calculation will not go back prior to the Correction date – means no Rolling AQ calculation for at least 9 months

- Modification 0724 - Amendment to Ratchet Charges during COVID-19 period

Relief From Ratchet Charges

- [0724 \(Urgent\) - Amendment to Ratchet charges during COVID-19 period](#)
- Raised by Northern Gas Networks 21/04/2020
- Implemented with effect from 12/05/2020

Background

- Transporters are obliged to calculate Ratchet Charges where a Class 1 or 2 site exceeds their booked capacity. As a result of the COVID-19 pandemic a number of sites are having to increase their production in order to support the local/national needs caused by the crisis. This includes, but is not limited to, medical facilities, food producers, manufacturers of medical supplies or other relevant equipment.
- Under the current UNC rules these sites may incur Ratchet charges, which they would expect to attract under 'business as usual' conditions.
- Sites that have had Ratchet increases to their SOQ due to increased consumption would be further impacted by not being able to reduce their SOQ back to pre COVID-19 levels until the capacity reduction window next opens in October 2020 and incur capacity charges without the need to use such capacity which could be seen as a disincentive to increase production to support the current needs

Modification Proposal

- The Modification will amend Ratchet charges during COVID-19 period to avoid the application of incentive charges where consumption at specific sites is increased above the agreed booked capacity to support local/national needs during the COVID-19 pandemic

Ratchets – Scenarios

- To alleviate Ratchet Charges **and/or** permanent changes to SOQ for sites that meet the 'COVID-19' criteria, for the period during which they qualify (the final date will be determined in line with government advice and requirements)
- A retrospective element will also be included to allow for these provisions to be backdated to cover the period from 26th March 2020 as outlined in the Coronavirus Act 2020
- Transporters will disapply the Ratchet Charge for sites that can demonstrate that their consumption has increased during the COVID-19 period as a result of alleviating local/national needs caused by the pandemic
- Sites identified will also be able to apply for a SOQ reduction, to return their capacity to the pre COVID-19 level, whether they are within or outside of the capacity reduction window



How To Guide? Ratchets

Relief from Ratchet Charges – How to request a refund

- The normal process should be followed for submitting challenges to the Ratchet Charges with the required supporting information.
- Send an email to capcom@xoserve.com providing supporting information
- Supporting information is expected to include the type of business and how COVID has caused an increase in gas consumption

What To Do After COVID-19

- Relief is only available until the end of lockdown
- After the end of the COVID-19 measures Shippers can also apply to reduce their SOQ back to the SOQ effective at the start of lockdown (26th March 2020)
- Shippers apply anytime in the period no later than 30 days after the COVID-19 period end date
 - Note: this is expected also to apply to Supply Meter Points that wish to reduce their Ratcheted SOQ but no Ratchet Charge has been applied due to a soft landing period
- We request that you submit any SOQ reductions with 5WDs notice from effective date - these will be processed on a reasonable endeavours basis

Next Steps

- Modifications 0722 to 0724 were approved by Ofgem on 11/05/2020, all effective from 5am on 12/05/2020
- Decision still pending on Modification 0721
- Material is published on [Xoserve.com](https://www.xoserve.com)
- Please note this material is for guidance only, for definitive business rules, please see UNC Modification and associated Legal Text on Joint Office website

**Questions and Answers from the live sessions
have been captured and are published
alongside this material**

(<https://www.xoserve.com/services/training-and-education/>)

Where to Go for Information

- Further information on: the modifications, consultations and Ofgem decision, can be found on the Joint Office website www.gasgovernance.co.uk/mods
- Xoserve COVID-19 pages – weekly updates, FAQs and other useful links: <https://www.xoserve.com/covid-19/>
- File formats can be found on the UKLink secure area; <https://xoserve.sharepoint.com/sites/UKLink/SitePages/Home.aspx>

The logo for xserve is centered within a stylized house frame. The house has a white background with a light blue diagonal line pattern. The house's outline is a simple grey line. The logo itself consists of the word "xserve" in a blue, sans-serif font. The "x" is stylized with a dark blue left half and a light blue right half, separated by a white vertical line. The "s", "e", "r", "v", and "e" are in a uniform light blue color. The house frame has a triangular roof and a rectangular body with a horizontal line near the bottom, suggesting a window or a base.

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