















UNC Modification	At what stage is this document in the process?
<h1 data-bbox="134 327 919 506">UNC 0XXX: Reduce qualifying period for Class 1</h1> <p data-bbox="134 524 692 562"><i>(Code Administrator to issue reference)</i></p> <h2 data-bbox="134 584 970 645">Mod Title <i>(Please provide a short informative title)</i></h2>	<div data-bbox="1190 315 1445 383">01 Modification</div> <div data-bbox="1190 398 1445 465">02 Workgroup Report</div> <div data-bbox="1190 481 1445 548">03 Draft Modification Report</div> <div data-bbox="1190 564 1445 631">04 Final Modification Report</div>
<p>Purpose of Modification: <i>(Proposer to provide a short description)</i></p> <p>This Modification proposes that the qualifying period for the requirement for a meter point to become Class 1 is reduced, to limit the time period when very large sites are subject to NDM Demand Estimation, as opposed to being Daily Metered.</p> <p>The Modification also proposes a new Performance Assurance report of sites which have met the qualifying criteria for Class 1 but are either Class 3 or Class 4.</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>

Contents		 Any questions?
1 Summary	3	Contact: Joint Office of Gas Transporters
2 Governance	4	 enquiries@gasgovernance.co.uk
3 Why Change?	4	 0121 288 2107
4 Code Specific Matters	5	Proposer: Insert name
5 Solution	5	 email address
6 Impacts & Other Considerations	5	 telephone
7 Relevant Objectives	6	Transporter: Insert name
8 Implementation	7	 email address
9 Legal Text	8	 telephone
10 Recommendations	8	Systems Provider: Xoserve
Timetable		 UKLink@xoserve.com
<i>Please provide proposer contacts and an indicative timeline. The Code Administrator will update the contents and provide any additional Specific Code Contacts.</i>		Other: Insert name
The Proposer recommends the following timetable: (amend as appropriate)		 email address
Initial consideration by Workgroup	29 April 2019	 telephone
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	

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 qualifying period for the requirement for a meter point to become Class 1 is reduced, to limit the time period when very large sites are subject to NDM Demand Estimation, as opposed to being 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 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. Several of these large sites had had multiple consecutive Rolling AQ calculations above the Class 1 threshold, but had not yet met the G1.6.15 conditions (**bold text** added below for emphasis):

Where it is a condition of a change in classification (under any provision of the Code) of a Supply Point or Supply Meter Point that the Annual Quantity of such System Exit Point is or has become greater than, not less than, less than or not greater than a specified quantity (the “threshold requirement”), the condition shall be treated as satisfied, with effect from the first Day of the month following an AQ Calculation Month (‘M’), if and only if:

- (a) each AQ Calculation Month **in the preceding period of 6 months** is a qualifying AQ Calculation Month; and
- (b) there are **at least 3 consecutive** qualifying AQ Calculation Months (including month M), or if there are fewer than 3 AQ Calculation Months **in the preceding period of 18 months**, each AQ Calculation Month **in that 18 month period** is a qualifying AQ Calculation Month;

How

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

This Modification propose that the qualifying period for the requirement for a meter point to become Class 1 is reduced, to limit the time period when very large sites are subject to NDM Demand Estimation, as opposed to being Daily Metered, by reducing the period to [3 months] and to [6 months] respectively.

This Modification also seeks to introduce an additional report to Performance Assurance Committee (and a corresponding anonymised report) of meter points which have met the qualifying period requirement but are not in Class 1, with details of the current rolling AQ and the number of AQ calculations above the threshold.

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 allow for an unacceptable delay between the AQ increasing above the Class 1 threshold, and the site being moved to a Class 1 service. During this 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-aqs-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 the G1.6.15 qualifying period for the requirement for a meter point to become Class 1 is reduced, to limit the time period when very large sites are subject to NDM Demand Estimation, as opposed to being Daily Metered, by reducing the period to [3 months] and to [6 months] respectively.

This Modification also seeks to introduce an additional report to Performance Assurance Committee (and a corresponding anonymised report) of meter points which have met the qualifying period requirement but are not in Class 1, with details of the current rolling AQ and the number of AQ calculations above the threshold.

For the avoidance of doubt, this Modification only proposes to change the G1.6.15 rules as far as they relate to the Class 1 requirement.

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.

7 Relevant Objectives

Impact of the modification on the Relevant Objectives:

Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	Positive
b) Coordinated, efficient and economic operation of <ul style="list-style-type: none"> (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 for the provision of the required reports. However the change to the qualifying period could be implemented with immediate effect if desired, or subject to a soft landing if so agreed.

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.