UIG Task Force Recommendations

Investigation Item 3.2.5

Inaccurate / Out of date AQs - Investigate the change in the AQ mix and direction of travel following introduction of Rolling AQ

Background

What is the finding?

- The 8.5% of sites with only one AQ calculation post-Nexus are responsible for 21% of AQ volatility
- The longer the interval since the previous AQ calculation, the more volatility in AQ level
- 770,000 Class 3 and 4 MPRNs with a total AQ of 14bn kWh of AQ have not been read since Project Nexus go live. That's 3.2% of NDM Meter Points and 3.1% of NDM LDZ AQ at risk.
- Meter Read performance falls short of UNC obligations for all product classes.

How does it contribute to UIG?

- Sites where we have not accepted a reading, and sites where reads are not submitted to the required frequency will contribute to AQ volatility
- AQs which are not calculated as often have bigger changes, suggesting that changes in usage are not reflected in Allocation in a timely manner
- Where the AQ is not representative of actual usage, the Allocation will not be a good fit for actual demand which will result in UIG at allocation
- If meters are not read by Line in the Sand then the actual energy will not be accounted for, potentially resulting in permanent UIG

Options in Progress / Completed

No.	Option
1.	Enduring: Customer Engagement, Training and Education around read performance, read submission and read rejections: Highlight areas of concern to our customers and support industry action to achieve the required performance level.
2.	Complete: XRN4880 will enhance reporting around estimated transfer reads, enabling PAC to better understand and target areas of the market with lower performance that would have a material impact. Provided to PAFA on 12th March 2019.
3.	In progress: UNC modification 0672 proposes an incentive mechanism and charge liabilities to shippers that do not meet UNC performance standards. *We recommend the Charge is based on AQ rather than Deemed energy and have shared an alternative mechanism for the incentive with the MOD proposer – see Option 9 on slide 5 for details.*
4.	In progress: We have drafted a UNC Modification which would enable the CDSP to automatically change Meter Read Frequency to Monthly where AQ > 293,000 kWh or there is Smart / AMR equipment installed. *– to be presented at April UIG Workgroup to identify a sponsor.*
5.	CDSP to obtain daily reads directly from the DCC. In progress under Item 3.2.2 Option 9.

Options to Address the finding (1 of 2)

No.	Option	Likelihood of success	Implementation lead times
1.	Notify Ofgem of Shippers that do not achieve their read performance standards.	Low to medium	Short
2.	Use UNC M 5.13.16 transfer read incentive mechanism to improve transfer read submission performance. Incentive charge currently £0.00.	Medium to high, depending on level of incentive	Medium
3. ⭐	Review the appropriateness of current Meter Read tolerances – would there be benefit in including seasonal flex to enable more legitimate consumptions to lead during higher usage periods?	Low to medium – will potentially reject fewer reads	Medium – Long depending on change complexity
4. ⭐	Review Small Supply Point Must Read obligations. We could: • Reduce qualifying period for an SSP Must Read to [15] months • Shift the Must Read obligation from DN to a CDSP managed MRA site visit process • Enable the CDSP to contact End Consumer directly to obtain a Meter Read.	Medium to high, depending on access rates for must reads	Long, would require resourcing and process changes.

⭐ Xoserve recommended options

UNC Modification Options to Address the finding (2 of 2)

No.	Option	Likelihood of success	Implementation lead times
5.	Change the Class 4 maximum Meter Read Frequency to 6 Months. Over 80% of sites currently achieve this standard.	Medium to high	Long: UNC Modification timescales plus data update activity.
6. ⭐	Make Class 2 mandatory for sites in EUC [07] and above. These sites should already have remote daily read equipment installed.	Medium to high	Long: UNC Modification timescales plus likely soft-landing period.
7.	Mandate an actual read on Class change.	Medium to high	Long: UNC Modification timescales plus system changes
8.	Make the ONUPD estimated read replaceable.	Medium	Long: UNC Modification timescales plus system changes
9. ⭐	Create a UIG based read performance incentive. For Example: Unread AQ /12 * Average Annual UIG% * multiplier of [2] at average SAP for the month. Equal and opposite credit to shippers [that meet performance standards] using UIG reconciliation smear mechanism.	Medium to high	Long: UNC Modification timescales plus system changes

⭐ Xoserve recommended options