

Class 3 Migration & UK Link Update

Wednesday 26th February 2020

Dear Customers and Industry Colleagues,

In July 2019 Xserve hosted an industry workshop with our customers where we highlighted the sudden and substantial planned migration of Meter Points from Product Class 4 into Product Class 3. This migration was driven by the changes to the Unidentified Gas (UG) Weighting Factors as developed by the independent Allocation of Unidentified Gas Expert which, from 1st October 2019, share a much lower proportion of UG to Class 3 sites compared to Class 4.

We discussed the impacts that this Product Class migration could have to our UK Link system, particularly as a result of the proposed volume of Class change transactions over a short period of time and the subsequent peak meter read volumes that could be submitted to us on a given day.

The material presented and discussed on the day (which you can view on our website [here](#)) resulted in the Urgent [UNC Modification 0700](#) – Enabling Large Scale Utilisation of Class 3 – being raised by Gazprom and subsequently approved by Ofgem.

The modification focused on smoothing and controlling transactions and processing in UK Link by:

- Enabling controls over the volume of SPC files (the SPC file is used for Class change transactions)
- Changing the Class 3 batch read submission frequency to a maximum of weekly to reduce the maximum peak day volume of Class 3 meter read submissions
- Selecting a smaller subset of submitted Class 3 meter reads for small supply points to be fully processed by UK Link and used for downstream processes.

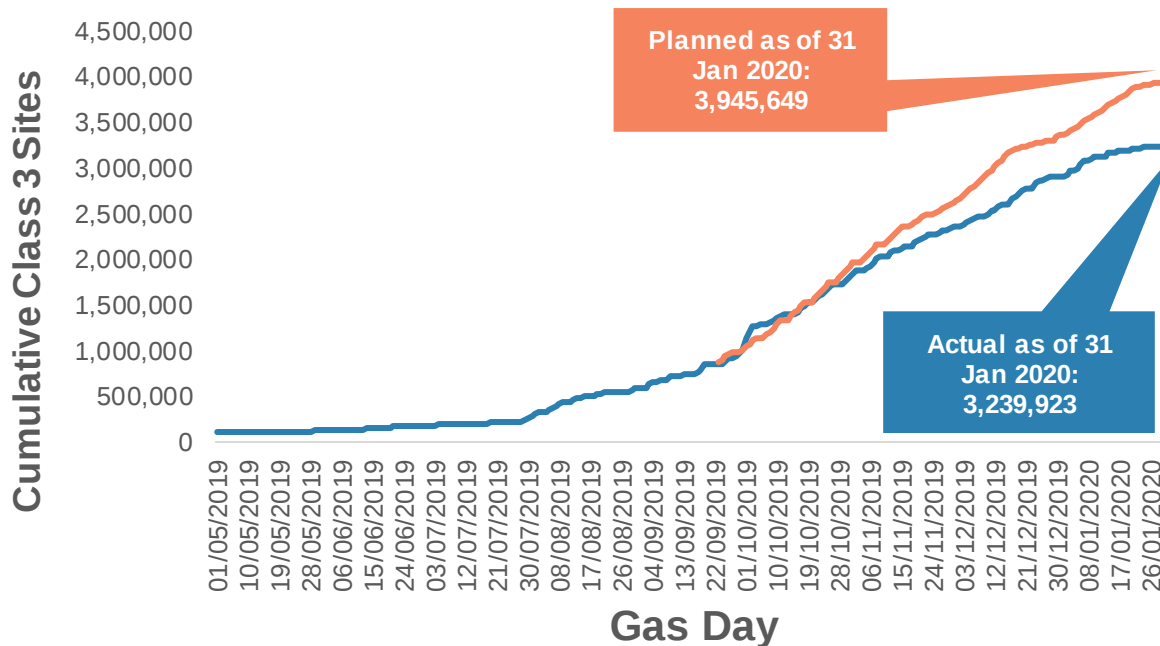
The system changes for this modification were successfully implemented on 28th September 2019. In parallel we carried out a deep dive into the UK Link application to identify and implement optimisations that increased UK Link processing performance. We also bolstered the compute platform that hosts the UK Link application suite.

Today I would like to share with you an updated position on Class 3 migrations, a view of future plans, and our assessment of the effect that the modification and system enhancements have had on the UK Link application and read upload levels.

Class 3 Portfolio Migrations and Forecasts

In July, intelligence from our customers suggested there was an appetite to migrate around 4.5m sites to Class 3, and that they wanted the bulk of those migrations to be completed by 1st November 2019. At the time, UK Link officially had a capacity limit of 26,000 SPC Transactions a day, which would not allow Shippers to migrate their sites at the desired pace.

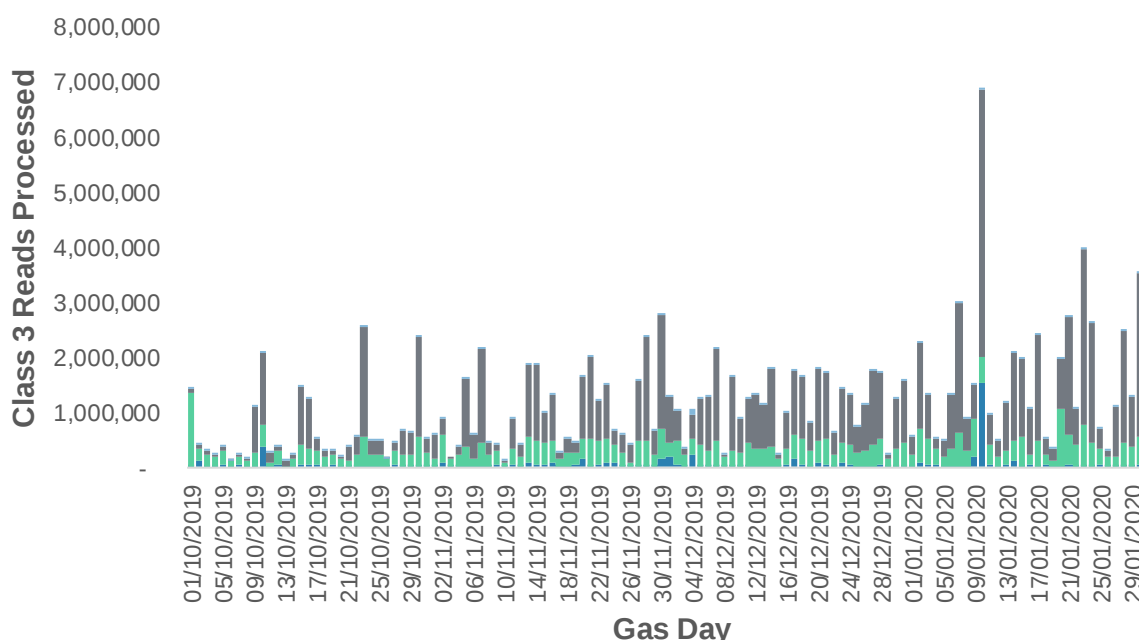
Our Technology Operations team have worked hard to double the SPC capacity limit to 50,000 a day. Our Customer Advocates have been working closely with Shippers to agree individual migration plans, and as of 31st January the actual Migration volume is tracking a little behind the industry's forecasts and agreed plan.



Class 3

Meter Reads

As of July 2019, the largest volume of meter reads sent to our UK Link system by our shipper customers on a single day was 1.7 million reads. We now regularly receive volumes well in excess of this, recently peaking at 7.3 million reads received in one day across all Classes. As expected, this increased read volume is driven by our customers migrating their portfolios into Product Class 3. The read submission profile is smoothing out, but we do see regular peaks significantly above average volume.



The MOD 700 changes were designed to reduce the impact of these peaks and are working well. The chart above shows Class 3 read submissions; the grey sections were processed under MOD 700 rules, which has significantly reduced the load on our UK Link application. We are closely monitoring UK Link performance and read processing activities are completing within their allotted time. This is partly due to the reduced

meter read processing load and partly due to the optimisations and compute enhancements we have made – and continue to make.

We are also forecasting short and long-term read volumes based on our evolving understanding of read submission behaviour. We are seeing behaviours change as more sites migrate which introduces an element of uncertainty to our forecasts. At this stage we think that the current read load is around three quarters the potential peak we will see when the initial migration is complete. This means that our current base read load average of 1.8m Class 3 read submissions a day, with typical peaks of 4m reads, would become a base load of 2.4m reads per day with typical peaks of around 6m reads in mid-2020.

Next Steps for Class 3

We continue to monitor performance across the UK Link estate to ensure we are operating the system efficiently while processing these increased transaction volumes. We are processing far more reads than we were six months ago, and so we are confident that UK Link has the capacity to support the planned Class 3 migration volumes. 2020 will deliver a performance test environment so we can quantify UK link processing performance and identify further opportunities for optimisation. Our Customer Advocates will maintain dialogue with Shippers about their planned portfolio migrations into 2020, and we will remain close to the 2020/21 AUG revision process. The recently proposed factors reduce the UIG weighting difference between Classes 3 and 4 in EUC band 1 from a 1:7 ratio down to around 1:2.5. This means that were a site in Class 4 currently attracts approximately seven times more UIG as an otherwise identical site in Class 3, on the 1st October 2020 that Class 4 site could attract just 2.5 times more UIG. Our Customer Advocates will soon be speaking with our Shipper Customers to understand whether this potential change to the UIG weighting factors has any bearing on their plans to utilise Class 3.

We will also monitor read performance across the market, and how the changing portfolio mix across classes is impacting that performance. In September 2019, for example, Class 3 read performance dropped by 21%. A small number of shippers moved a large volume of sites into Class 3 but have comparatively low Class 3 read performance, which contributed to the lower overall performance in that Class. Some of the Class 4 sites with better meter read submission performance moved to Class 3, which also lowered the Class 4 monthly read performance.

Bulk Reconfirmations

We are seeing interest from our customers in undertaking bulk reconfirmations far in excess of usual Confirmation traffic and system design capacity. While unrelated to the Class 3 migration programme, these requests do pose similar challenges to the increased Class change transactions. We are working with those Shippers to agree achievable reconfirmation plans.

Class 3 Information and Resources

You can find the material and resources relating to Class 3 migrations on our website [here](#), and if you have any questions or comments, please contact your Customer Advocate or myself.

Kind regards

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