

Joint Office of Gas Transporters

September 2019 NEWSLETTER

Welcome to the Joint Office of Gas Transporters Newsletter, we hope you find this a useful addition to your inbox. It is issued on a monthly basis and is intended to provide an overview of what is happening across the Uniform Network Code (UNC) governance arena. In this Newsletter, we have provided an overview of progress across everything we do, please refer to the Table of Contents below.

At A Glance....

Need Help? Or want to Contact Us?

Email: enquiries@gasgovernance.co.uk

Tel: 0121 288 2107

Meet the Joint Office of Gas Transporters Team.

www.gasgovernance.co.uk/jointoffice/staff

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Implementation Dates		
UNC Ref	Title	Date
0651	Changes to the Retrospective Data Update provisions	to be determined
0681S	Improvements to the quality of the Conversion Factor values held on the Supply Point Register	to be determined
0685	Amendment of the UNC term 'Gas Deficit Warning' to 'Gas Balancing Notification'	01 October 2019
0698S	Improvements to Margins Notice Arrangements	09 September 2019
0700	Enabling large scale utilisation of Class 3	28 September 2019

New Modifications discussed at August 2019 Panel

0701 – Aligning Capacity booking under the UNC and arrangements set out in relevant NExAs

www.gasgovernance.co.uk/0701

- Panel determined that the Modification was not an alternative to Modification 0696 and should proceed as a separate Modification.
- Modification was renumbered from 0696A to 0701 and will proceed under Authority Direction.
- The Workgroup report is due to be presented by 19 December 2019 Modification Panel.

Existing Modifications for Reconsideration discussed at August 2019 Panel

None

Workgroup Reports discussed at August 2019 Panel

0669R – Review of the Gas Deficit Warning (GDW) and Margins Notice (MN) Arrangements

www.gasgovernance.co.uk/0669

- Panel accepted the recommendations of the Request Workgroup Report.
- The Request Workgroup is now closed.

0670R – Review of the charging methodology to avoid the inefficient bypass of the NTS

www.gasgovernance.co.uk/0670

- Panel determined that this Request should be returned to Workgroup for further assessment.
- The next meeting is 03 September 2019
- A Workgroup Report is to be presented by 16 January 2020 Modification Panel.

0676R – Review of Gas Transporter Joint Office Arrangements

www.gasgovernance.co.uk/0676

- Panel determined that this Request should be returned to Workgroup for further assessment.
- The Next meeting is 02 September 2019
- A Workgroup Report is to be presented by 19 December 2019 Modification Panel.

0687 - Creation of new charge to recover Last Resort Supply Payments

www.gasgovernance.co.uk/0687

- This Modification has been issued to Consultation which closes on 06 September 2019.
- The Final Modification Report will be presented to the 19 September 2019 Modification Panel.

0696 - Addressing inequities between Capacity booking under the UNC and arrangements set out in relevant NExAs www.gasgovernance.co.uk/0696	<ul style="list-style-type: none"> ▪ This Modification has been issued to Consultation which closes on 12 September 2019. ▪ The Final Modification Report will be presented to the 19 September 2019 Modification Panel.
Variation Requests discussed at August 2019 Panel	
None	
Final Modification Reports discussed at August 2019 Panel	
0680S –UNC Changes as a Consequence of ‘no deal’ United Kingdom Exit from the European Union www.gasgovernance.co.uk/0680	<ul style="list-style-type: none"> ▪ Deferred for further consideration until 19 September 2019 Panel.
0698S – Improvements to Margins Notice Arrangements www.gasgovernance.co.uk/0698	<ul style="list-style-type: none"> ▪ Implementation was unanimously supported. ▪ To be implemented (self-governance at 05.00 on 19 September 2019).
0700 (Urgent) – Enabling large scale utilisation of Class 3 www.gasgovernance.co.uk/0700	<ul style="list-style-type: none"> ▪ Panel recommended 0700 (Urgent) was suitable for implementation by a unanimous vote. ▪ Ofgem decision provided on 28 August 2019.

Distribution Workgroup Headlines	www.gasgovernance.co.uk/dist
<p>At the meeting on 22 August 2019 the following were discussed/progressed:</p> <ul style="list-style-type: none"> • Pre-Modifications - No draft modifications presented for discussion. • 0692S - Automatic updates to Meter Read Frequency: This Proposal was not discussed – next meeting scheduled for September workgroup. • 0694R - Agenda CDSP provision of Class 1 Read service: There was little discussion on this Proposal, although the intention is to bring a more substantive proposal to the September Workgroup. • 0695S - Obligations on Shippers to pass Transporter compensation payments on to consumers, via Suppliers: The bulk of the discussion centred on finalising the Workgroup Report which will now be presented to the September Panel with a view to proceeding to consultation. • 0699 - Incentivise Key Areas of Performance using additional UIG Charges: This Proposal was not discussed – next meeting scheduled for September Workgroup. • 0701 – Aligning Capacity booking under the UNC and arrangements set out in the relevant NExAs Originally intended as an alternative to Proposal 0696, this proposal seeks to expand on arrangements relating to the visibility of NExA terms and conditions. It seeks to: <ul style="list-style-type: none"> • Maintain a NExA flag in DES • Ensure that the capacity specified in the NExA is the maximum bookable under the UNC • Ensure that any capacity changes made under the UNC are limited by date and amount to those specified in a NExA 	

Discussion is scheduled to be to continue at the September Workgroup.

Other Matters Discussed:

- **Consequential Change to UK-LINK** as a result of the introduction of a Central Switching System, (CSS). As part of the introduction of CSS, UK-LINK will need to be modified to accommodate the associated process changes to ensure the two systems can operate optimally. The purpose of the paper was to ensure any comments regarding the changes were fed into the associated Ofgem Consultation – Closing Date; 9th September.
- **Consequential Modification to the UNC Validation Rules, (UNCVR).** As part of the implementation of Modification 0700 (Enabling large scale utilisation of Class 3), it is necessary to amend the UNCVR to accommodate the new processing logic for Class 3 Meter Read batches. This includes only validating sample reads and, providing whether or not those reads pass validation, categorising the reads in the batch as either assured or unassured. The UNCVR were, following comment from the Workgroup deemed acceptable and forwarded to the UNCC for formal approval. (Formal approval was given at a the UNCC held on 29th August.
- **Implementation of Modification 0665** – Transfer of Supply Points to Class 1. As part of the implementation of Modification 665 (Changes to Ratchet Regime), part of the implementation was to allow Transporters to identify supply points that, under certain circumstances, should be Class 1. The discussion centred on the reasoning used by some transporters to justify some of the transfers and how it should be better aligned to the associated Guidance Note. The outcome of the discussion was that transporters would review their justification logic and resubmit the lists of target sites to shippers in early September.

Other Workgroups

- **0646R - Review of the Offtake Arrangements Document:**

The meeting planned for 4 Septmeber was cancelled and the next meeting is scheduled for 10 October 2019.

- **Joint Theft Reporting Group (UNC & SPAA), including 0677R** - the seventh meeting took place on 30 August 2019.

At the meeting the Workgroup all the issue log was reviewed to confirm the recommendations to be made. The group aims to finalise the Workgroup Report at the next meeting on the 27th September 2019.

Transmission Workgroup Headlines www.gasgovernance.co.uk/tx

At the meeting on 01 August 2019 the following were discussed/progressed:

- **Pre-Modifications** - No draft modifications presented for discussion.
- **0662 - Revenue Recovery at Combined ASEPs** – *development deferred awaiting the outcome of Modification 0678 and its alternatives.*
- **0671** - New Capacity Exchange process at NTS exit points for capacity below baseline – discussion was deferred until September. This Modification was withdrawn on 15 August 2019 due to *“Wales and Wales Utilities had decided to withdraw this Modification due to the expense and length on time required to implement it. Wales and Wales Utilities will be using the learning from it to input into the review National Grid are proposing to raise regarding NTS commercial arrangements.”*
- **0688 - Recovery of Shipper Losses incurred in Supplier of Last Resort events** – discussion was deferred until September. This Modification will be discussed in the September Workgroup and will be submitted to the December Panel.
- **Capacity Access Review** – National Grid highlighted that Ofgem had decided not to include an NTS access review as part of RIIO2 business plan and instead, they were considering doing a review through a UNC Request or a National Grid project. Parties were asked to contact National Grid with suggested topics for consideration. Malcolm Montgomery (MM) said that a UNC

Request could be raised in the last quarter of 2019, and that the scope would be defined within the September Workgroup meeting. National Grid NTS (MM) to provide an aggregated draft list of issues that could form part of a Capacity Access Review, before 22 August 2019, in readiness for the September meeting.

Charging Methodology Forums

Distribution Network Charging Methodology Forum (DNCFM) www.gasgovernance.co.uk/dncmf

- The next meeting is due on the 24 September 2019.

NTS Charging Methodology Forum (NTSCMF) www.gasgovernance.co.uk/ntscmf

At the meeting on 03 September 2019 the following was discussed/progressed:

- **Pre-Modifications** - No draft modifications presented for discussion.
- **Ofgem update** - Cambridge Economic Policy Associates (CEPA) attended the meeting and provided an update on the impact assessment being undertaken in relation to gas charging for Ofgem. The presentation covered the modelling approach and the key assumptions. The high level modelling is based on gas tariff modelling, gas and electricity market modelling and impact assessment modelling. CEPA also confirmed that the modelling for Modification 0686 uses the same assumptions, inputs and models with the incorporation of short-haul in the market model. Ofgem also provided an update on the timetable confirming that the intention is to publish the 0678 and alternative modifications impact assessment for consultation together with a 'minded to' decision by the end December 2019. The consultation duration will be 2 months as required by Article 26 of EU TAR NC.
- **RIO-T2 Business Plan proposals, including potential incentive and tariff impacts** – National Grid provided an update on how tariffs might change in the context of RIO-2 based on the July draft business plan. The final business plan will be submitted on 09 December 2019.

- **Forecasted Contracted Capacity (FCC) Update**

Workgroup asked for an update on the status of the issues log and it was agreed that the October meeting will focus on this.

- **Long Term Revenue Forecasts:** National Grid will provide an update either at the November or December meeting.
- **0670R** - *Review of the charging methodology to avoid the inefficient bypass of the NTS:*

Workgroup considered a draft amended Request with the key changes providing clarification on the purpose of the Request and its scope and also updated topics for consideration by the Workgroup. National Grid will provide a final amended Request for discussion at the next meeting. The Workgroup is still divided on the value of continuing with the group or closing it given there is minimal development of a Modification in this area pending the outcomes of the Modification 0678 and its alternatives.

UIG Workgroup Headlines

www.gasgovernance.co.uk/UIG

At the meeting on 20 August 2019 the following was discussed/progressed:

- **Pre-Modifications** - No draft modifications were presented for discussion.
- **0664** - *Transfer of Sites with Low Read Submission Performance from Class 2 & 3 into Class 4:*
An amended Modification was discussed and it was confirmed that at the September meeting the aim at the next meeting is to conclude the Workgroup Report for submission to the September Panel and this will require finalisation of the Business Rules, Legal Text, the Rough Order of Magnitude (ROM), the new PARR Report specification and format.
- **0672** - *Incentivise Product Class 4 Read Performance:*
An amended Modification was discussed. At the next meeting the following areas will be discussed; further amendments to the Modification, the submission of the Rough Order of

Magnitude (ROM), consideration of the Legal Text and confirmation of whether an equivalent IGT Modification is required.

- **0690S** – *Reduce qualifying period for Class 1:*

An amended Modification was discussed. At the next meeting the following areas will be discussed; further amendments to the Modification, the submission of the Rough Order of Magnitude (ROM), consideration of the Legal Text and confirmation of whether an equivalent IGT Modification is required.

- **0691S** – *CDSP to convert Class 3 or 4 meter points to Class 1 when G1.6.15 criteria are met:*

An amended Modification was discussed. At the next meeting the following areas will be discussed; further amendments to the Modification, the submission of the Rough Order of Magnitude (ROM), consideration of the Legal Text and confirmation of whether an equivalent IGT Modification is required.

- **0693R** – *Treatment of kWh error arising from statutory volume-energy conversion:*

ScottishPower introduced the Request and explained the aim is to review the treatment of the error in kWh that arises from statutory volume-to-energy conversion factors in order to mitigate the impact on gas settlement, reconciliation and Annual Quantities (AQs). All sites with an AQ under 732,000 kWh should have a single industry standard conversion factor as specified in the Gas (Calculation of Thermal Energy) Regulations (1996).

Governance Workgroup Headlines

www.gasgovernance.co.uk/gov

At the meeting on 02 September 2019 the following was discussed/progressed:

- **Pre-Modifications** – *Re-ordering of the UNC in advance of Faster Switching.* Tracey Saunders (TS) introduced the Modification and explained that changes to the UNC were required due to the Faster Switching regime and that the Legal Text would be impacted in relation to Section G, J and B. This proposal aims implement the re-ordering aspects of this Legal Text early, ahead of the Ofgem SCR Modification. This Modification will be presented to the September Panel.

Ofgem gave an update on their joint consultation with BEIS on Reforming the Energy Industry Codes, which is available for consultation responses from 22 July 2019 – 16 September 2019.

- **0676R** - *Review of Gas Transporter Joint Office Arrangements:*

Joint Office provided an overview of the Request Workgroup Report and noted that further information and clarity was still required for specific sections. Parties have been asked to provide information on other aspects relating to the scope of the review for discussion at the next meeting on 02 October 2019.

Committees Updates

Energy Balancing Credit Committee (EBCC) www.gasgovernance.co.uk/EBCC

- The July and August meetings were cancelled. Committee members are considering quarterly meetings. The next meeting is due on the 23 September 2019.

Demand Estimation Sub-Committee (DESC) www.gasgovernance.co.uk/desc

- The key messages from meetings are available at: www.gasgovernance.co.uk/desc/summarykeymessages
- The next meeting is to be held on 07 October 2019.

Performance Assurance Committee (PAC) www.gasgovernance.co.uk/PAC

- The key messages from meetings are available at: www.gasgovernance.co.uk/pac/summarykeymessages
- The next meeting is on 10 September 2019.

AUG Sub Committee

- The outcomes of the CDSP review of the 2018/19 year were presented to the UNCC in August. An early engagement meeting will be held on 30 September 2019.

Data Service Contract (DSC) Committees www.gasgovernance.co.uk/DSC-CDSP

DSC Change Management Committee - at the meeting on the 07 August 2019:

- There were 8 new change proposals, which were all approved. 4 further change proposals had completed the capture stage and were approved for delivery in June 2020.
- Updates were provided to the Committee on the Releases planned for 2019 and 2020.
- XRN 4991 (MOD700) has moved into capture and this will include an assessment of any impacts to the November 2019 release. Approval for implementation will be sought at the September meeting.

DSC Contract Management Committee – at the meeting on the 14 August 2019:

- Xoserve provided a strategy update, reporting that several independent Audits had been undertaken and raised concerns about the UKL platform stability. A further update will be provided in September and will clarify next steps and budget required for the different proposals to address the problems identified, including standing-up a new performance testing environment and investing in data-profiling capability to start monitoring data quality in real time.
- One Disclosure Request Report was approved - Introduction of Rolling Contracts for Third Party Services.

DSC Credit Committee

- The Committee has agreed to move to quarterly meetings. The next meeting is due on the 23 September 2019.

Things to Note...

- **New Members to the Joint Office Team - commencing 09 September 2019;**

Loraine O'Shaughnessy – Workgroup Manager

Loraine has over 27 years' experience in the gas industry originally joining British Gas PLC back in 1992 supporting the Supply Point Administration Query Resolution team.

Prior to joining the Joint Office Loraine's key focus was managing the Energy Balancing Credit Risk team at Xoserve to include; Energy Balancing Invoice for 2 years, Cash Call, Debt Management and the Energy Balancing Collateral processes on behalf of National Grid.

Loraine worked very closely with the Customer Life Cycle team engaging with new UNC market participants on their onboarding experience and aiding their understanding of the Energy Balancing Principles. Loraine also played a key role in the EBCC (Energy Balancing Credit Committee) and Shipper Discovery Days and has experience in the development of Network Code; supporting the implementation of AT Link and many key system enhancements to UK Link and Gemini.

For more information please see <https://www.linkedin.com/in/Loraine-o-shaughnessy>.

Maitrayee Bhowmick-Jewkes Level 7 Workgroup Coordinator:

Maitrayee joined the Joint Office in September 2019. She has come from a legal background and joined npower as a Regulation Analyst in 2014. Since then she has worked as a Regulation Manager at a couple of small suppliers. She has significant experience managing industry codes from a supplier point of view as well as leading on a number of regulatory changes. She has built relationships with Ofgem, BEIS and other code administrators and industry parties. Maitrayee is looking forward to bringing her experience and knowledge to this role.



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