

Modification 0643 (Urgent)

Changes to settlement regime to address Unidentified Gas issues including retrospective correction

Legal text

Transportation Principal Document

TPD Section C - Nominations

Amend paragraph 1.5.3 to read as follows:

1.5.3

- (c) for the purposes of paragraph (b) an “adjusted” Nomination Quantity for a Day in respect of a System Exit Point is the Nomination Quantity adjusted by the UIG allocation factor specified in the prevailing AUG Table in respect of the category to which that System Exit Point belongs on that Day.

TPD Section E - Daily Quantities, Imbalances and Reconciliation

Section E of the Transportation Principal Document to be amended as shown in Schedule A attached.

TPD Section H - Demand Estimation and Demand Forecasting

Section H of the Transportation Principal Document to be amended as shown in Schedule B attached.

Transition Document

Amend Part IIC of the Transition Document by inserting a new paragraph 24 to read as follows:

24 REVISION OF UNIDENTIFIED GAS ALLOCATION

24.1 General

24.1.1 In this paragraph 24:

- (a) **Modification** means Modification 0643 (pursuant to which, among other things, this paragraph 24 applies);
- (b) **Implementation Date** means the Implementation Date of the Modification;
- (c) **Old Rules** means the provisions of the Code as they apply prior to the Modification;
- (d) **New Rules** means the provisions of the Code as they apply following the Modification;
- (e) section references are to sections of the Transportation Principal Document.

24.1.2 Subject to the further provisions of this paragraph 24, the New Rules are to be effective from the Implementation Date on a Gas Flow Day basis.

24.1.3 For the purposes of this paragraph 24, where a provision of the New Rules is to be effective from the Implementation Date on a “**Gas Flow Day basis**”:

- (a) such provision shall be effective in respect of gas flows (and related activities under the Code including the holding of System Capacity, the making of Nominations, and the allocation of quantities as UDQIs and UDQOs) on Days on and from the Implementation Date;

and accordingly

- (b) in relation to anything which (under the Code) may be done or is to be done before the Gas Flow Day, the New Rules shall apply before the Implementation Date in relation to Gas Flow Days on and after the Implementation Date;
- (c) in relation to anything which (under the Code) may be done or is to be done after the Gas Flow Day, the Old Rules shall apply on and after the Implementation Date in relation to Gas Flow Days before the Implementation Date.

24.2 Modification of Section E

24.2.1 Settlement Error Reconciliation under the New Rules in Section E7 shall be carried out with effect from and in respect of the Reconciliation Billing Period commencing on the Implementation Date, and accordingly Unidentified Gas Reconciliation under the Old Rules shall be carried out in the month of the Implementation Date in respect of the Reconciliation Billing Period ending immediately before the Implementation Date.

24.2.2 For the purposes of Section [E7.1], in relation to each Reconciliation Billing Period falling within the 12 months following the Implementation Date, for any Settlement Error Reconciliation Month falling prior to the Implementation Date, all System Exit Points (other than Isolated Supply Meter Points) shall be Relevant System Exit Points (and the Old Rules shall to that extent and on that basis apply).

24.2.3 The New Rules in Section E9 shall apply with effect from and in respect of the AUG Year commencing 1 October 2019; and accordingly:

- (a) the AUG Document shall be modified to reflect the New Rules,
- (b) the CDSP shall, in accordance with any guidance or direction of the UNC Committee, either make amendments to the prevailing AUG Expert Contract, or conduct a new tender for appointment of an AUG Expert, so as to implement the New Rules, and
- (c) for the purposes of Section E9.4.1, the methodology in the AUG Statement shall reflect the New Rules,

with effect from the AUG Year commencing 1 October 2019.

24.2.4 For the AUG Year commencing 1 October 2018 the Old Rules shall apply for the purposes of preparation of the AUG Statement and AUG Table, without prejudice to paragraph [24.2.5] below.

24.2.5 For the period from the Implementation Date until 1 October 2019:

- (a) the UIG Factor applying for each LDZ shall be 1.1%;
- (b) the SER allocation factors for each Category of NDM Supply Point shall be the same as the prevailing UIG allocation factors

(c) the prevailing AUG Table shall be deemed amended to reflect paragraphs (a) and (b).

24.2.6 The Uniform Network Code Committee shall amend the document currently entitled 'Customer Settlement Error Claims Process Guidance Document' so that its title is 'Pre-Cut Off Error Claims Process Guidance Document'.

24.3 Modification of Section H

24.3.1 The revised NDM Demand Estimation Methodology (in the form attached to the Final Modification Report for the Modification) shall be effective (on a Gas Flow Day basis) with effect from the Implementation Date and in accordance with paragraph [24.3.2] below.[Dentons1]

24.3.2 Unless the Implementation Date is 1 October in a Gas Year, Section H1.7 shall apply on the basis of the New Rules, for the purposes (among other things) of establishing the Derived Factors to apply with effect from the Implementation Date, as if the period commencing on the Implementation Date and ending on the following 30 September were a separate Gas Year.

24.3.3 For each NDM Supply Meter Point, the Annual Quantity shall be determined in accordance with the New Rules in Section H3.2 with effect from the month following the first AQ Calculation Month which is not earlier than the month before the Implementation Date; and until then the Annual Quantity as determined under the Old Rules and applying in the month before the Implementation Date shall continue to apply.

24.4 Retrospective DSE Reconciliation

24.4.1 Following the Implementation Date, Retrospective DSE Reconciliation shall be carried out in respect of the period ("**Prior Period**") from the Nexus Implementation Date to the day before the Implementation Date as provided in this paragraph 24.4.

24.4.2 Retrospective DSE Reconciliation does not affect, and is an additional and independent process to, the application of the Old Rules in Section E7 for Unidentified Gas Reconciliation Allocation in respect of Reconciliation Billing Periods in the Prior Period.

24.4.3 For the purposes of this paragraph 24.4:

(a) for each Day in the Prior Period, and for each LDZ:

- (i) the "**Deemed Unidentified Gas**" is the quantity which have been determined as the Unidentified Gas on the basis of the New Rules (if they applied in that period) and on the basis of a UIG Factor of 1.1%;
- (ii) the "**Deemed Settlement Error Quantity**" is determined as the Unidentified Gas (as determined under the Old Rules) less the Deemed Unidentified Gas;
- (iii) the "**Deemed Settlement Error Amount**" is the amount determined as the Deemed Settlement Error Quantity multiplied by the System Average Price for the Day;

(b) for each month in the Prior Period, and for each LDZ:

- (i) the "**Monthly Deemed Settlement Error Quantity**" is the net sum of the Deemed Settlement Error Quantities for all Days in the month;

- (ii) the "**Monthly Deemed Settlement Error Amount**" is the net sum of the Deemed Settlement Error Amounts for all Days in the month.

24.4.4 A reconciliation and adjustment ("**Retrospective DSE Reconciliation**") shall be carried out, in respect of each month in the Prior Period, on the basis of the New Rules in Sections E7.1 and E7.2, which shall apply on the basis that:

- (a) each month in the Prior Period is treated as a Reconciliation Billing Period;
- (b) in respect of each such month and each LDZ:
 - (i) the Monthly Deemed Settlement Error Quantity is treated as the Aggregate Reconciliation Quantity;
 - (ii) the Monthly Deemed Settlement Error Amount is treated as the Aggregate Reconciliation Clearing Value;
- (c) the SER allocation factors in Section E7.1.2(h) are the corresponding UIG allocation factors (prevailing at the time of the Retrospective DSE Reconciliation);
- (d) the threshold condition in Section 7.1.2(j) shall be treated as not met in relation to a Settlement Error Reconciliation Month, for the purposes of Retrospective DSE Reconciliation in respect of all relevant months in the Prior Period, if for any one relevant month in the Prior Period the threshold condition in Section 7.1.2(j) is not met in relation to such Settlement Error Reconciliation Month.

24.4.5 The amount payable by National Grid NTS to each User, or by each User to National Grid NTS, in respect of the Retrospective DSE Reconciliation shall be the net aggregate of the User Monthly SER Clearing Values for all LDZs and for all months in the Prior Period; and such net aggregate amount shall be invoiced and payable as a single amount by way of [Ad-Hoc Invoice].

24.4.6 For the purposes of TPD Section F4.5.3:

- (a) each Day in the month (**relevant month**) before the month in which the CDSP carries out Retrospective DSE Reconciliation, shall be an Adjustment Day;
- (b) for each such Adjustment Day, the sum of the net aggregate amounts payable under paragraph 24.4.5 by National Grid to Users, divided by the number of Days in the relevant month, shall be an additional Monthly Adjustment Neutrality Cost;
- (c) for each such Adjustment Day, the sum of the net aggregate amounts payable under paragraph 24.4.5 to National Grid by Users, divided by the number of Days in the relevant month, shall be an additional Monthly Adjustment Neutrality Revenue;
- (d) amounts payable to National Grid by a User under paragraph (c) shall be deemed to be included in Section F4.5.3(a)(ii) and (b)(ii).

24.4.7 The CDSP shall carry out Retrospective DSE Reconciliation as soon as reasonably practicable following the Implementation Date.

