

Stage 01: Modification

0479:

Inclusion of email as a valid UNC communication

At what stage is this document in the process?



This modification would allow email as a valid form of UNC communication in specific circumstances.

The Proposer recommends that this modification should be:



- subject to self-governance
- assessed by a Workgroup.



High Impact: -



Medium Impact: -



Low Impact: DNOs, Users

0479

Modification

27 January 2014

Version 1.0

Page 1 of 7

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Contents

- 1 Summary
- 2 Why Change?
- 3 Solution
- 4 Relevant Objectives
- 5 Implementation
- 6 Legal Text
- 7 Recommendation

About this document:

This modification will be presented by the Proposer to the Panel on 20 February 2014.

The Panel will consider the Proposer's recommendation, and agree whether this modification should be subject to self-governance; and whether it should be issued for consultation or be referred to a workgroup for assessment.



3 Any questions?

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0479

Modification

27 January 2014

Version 1.0

Page 2 of 7

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1 Summary

Is this a Self-Governance Modification?

Northern Gas Networks believes that this modification does qualify as a self-governance Modification Proposal and

- (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.

Is this a Fast Track Self-Governance Modification?

We do not believe this qualifies as a Fast Track Self-Governance Modification as it could not be described as a housekeeping modification.

Why Change?

At the time of the implementation of the original Network Code in 1995, fax was a more common form of business communication while email was in its infancy. Since then email has superseded fax as a more efficient and common form of business communication but remains disallowed as an official form of UNC communication in most circumstances, despite all relevant parties using it across other aspects of their business.

A number of Modification Proposals both in the Gas and Electricity markets have allowed limited use of email communications in specific circumstances, specifically UNC Modification Proposal 033, 'Notification to Users of Emergency Incidents – Impacts on Code Communications' and Balancing and Settlement Code Modification Proposal P113, 'Email Communication under the Code'.

Since these proposals there has been little expansion of the use of email as an allowable code communication in either the Gas or Electricity Industry despite its widespread use in daily communication both with internal and external parties.

Given the prevalence of email communication today we see no reason why such communications should not be allowed via email in suitable circumstances.

Solution

This Modification Proposal seeks to allow email as a valid form of Network Code Communication and Offtake Communications in specific circumstances.

The specific amendments will be identified through the Workgroup process and will include a review of Appendix 5A/5B of the UK Link Manual and the Offtake Communications Document to ensure only appropriate communications are selected for inclusion in this Modification Proposal.

We do not anticipate that this proposal will cover every situation where email may now provide a suitable form of communication under the Network Code and we anticipate using the Workgroup discussions to allow other parties to bring forward suggestions that can be incorporated into the Modification Proposal subject to practicality.

0479

Modification

27 January 2014

Version 1.0

Page 3 of 7

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Relevant Objectives

Implementation of this Modification Proposal would further Special Condition A11.1 (f), the promotion of efficiency in the implementation and administration of the Code as it implements existing best practice regarding email use across the industry.

Implementation

As this proposal will only allow email communication and not force it, implementation can take place as soon as possible after a Panel direction.

As self-governance procedures are proposed, implementation could be 16 business days after a Modification Panel decision to implement.

2 Why Change?

Email has superseded fax as a more efficient and common form of business communication but remains disallowed as an official form of UNC communication, despite all relevant parties using it across other aspects of their business.

There can also be issues concerning the reliability of faxes and a follow up phone call to confirm receipt is often required. Emails avoid this scenario with reliable notification systems and a 'bounce back' system if the email fails to send correctly. Emails are also quicker to receive, create and send. Cost effective storage systems exist to efficiently archive emails for quick recovery, which many businesses have in place already, while faxes have to be stored manually at extra cost both in terms of storage space and the time taken to manually recover any necessary documents.

UNC Modification 0033, 'Notification to Users of Emergency Incidents – Impacts on Code Communications', extended allowable forms of communication to include internet and email to aid Transporters in complying with the provisions detailed within the Shipper Incident Communication Procedure (SICP) and was implemented in 2005.

Arguments in favour of allowing internet and email communication included 'improved operational efficiencies', 'real-time updates to Users' and 'improved quality of information'. We believe these arguments could apply to other scenarios where email communication may be of benefit'.

Ofgem's decision letter stated their support for 'the use of internet and email facilities where they bring efficient gains'. They also stated their expectation that appropriate levels of security would be put in place regarding internet and email security and we would expect this to also apply wherever email communications were allowed as a result of this proposal being implemented.

In the Electricity Market, Modification Proposal P113, 'Email Communication under the Code' allowed general communication given by the Balancing and Settlement Code Committee (BSCCo) to all parties simultaneously to be sent by email.

Ofgem's decision letter stated that where it is used for general notices, email had 'demonstrated itself to be as reliable as postal or facsimile distribution methods, while delivering significant gains in administrative efficiency' and the proposal was implemented in 2003.

Over the past couple of years NGN has become aware of several situations that have arisen where the use of email as an allowable code communication would have resulted in better processes.

At the 06 October 2011 Transmission Workgroup, Force Majeure and payment of Exit Charges was discussed as a Workgroup Issue. The use of fax as a code communication was questioned due to its reliability and the potential use of email was raised as an alternative.

We have also identified several sections of the UNC that could be improved by the inclusion of email as an allowable form of communication, specifically UNC TPD S3.4.5 and V3.4.7. These are detailed further below.

We will use the Workgroup discussions to review Appendix 5A/5B of the UK Link Manual to ensure only appropriate communications are selected for inclusion in this modification.

0479
Modification

27 January 2014

Version 1.0

Page 4 of 7

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3 Solution

We anticipate using the Workgroup phase of this proposal to review Appendix 5A/5B of the UK Link Manual to ensure only appropriate communications are selected for inclusion in this Modification Proposal. Changes to UK Link and Contingency arrangements are not within the scope of this proposal.

Two examples of areas within the UNC we believe can be amended are below:

UNC TPD S3.4.5 (Invoice and Payment) and UNC TPD V3.4.7 (Code Credit Limits) dictate the information Users shall provide to Transporters to allow communication on Transportation Charges and Invoicing. Currently they only dictate the inclusion of a single telephone number, address and facsimile number. These proposals will amend the references to include a single email address.

UNC TPD V2.1.2 (Admission Requirements) states that in order to become a Shipper User in relation to a System or a Trader User in relation to the NTS a person must provide the address, telephone and facsimile numbers of the Applicant User. This will be amended to include a single email address to improve communications.

Furthermore there are a number of references to communication contained within the Offtake Communications Document that only allow fax and telephone as contingency communications, but not email. Email should also be considered in these circumstances where it is appropriate.

We would also welcome suggestions from Workgroup members on possible areas of the Code that could be included in this proposal to be amended to allow email communication.

Therefore this section will be expanded and developed as part of the Workgroup process.

User Pays
Classification of the modification as User Pays, or not, and the justification for such classification.
There are no anticipated costs to the implementation or operation of this proposal. No User Pays service would be created or amended by implementation of this modification and it is not, therefore, classified as a User Pays Modification.
Identification of Users of the service, the proposed split of the recovery between Gas Transporters and Users for User Pays costs and the justification for such view.
N/A
Proposed charge(s) for application of User Pays charges to Shippers.
N/A
Proposed charge for inclusion in the Agency Charging Statement (ACS) – to be completed upon receipt of a cost estimate from Xoserve.
N/A

4 Relevant Objectives

Impact of the modification on the Relevant Objectives:	
Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	None
b) Coordinated, efficient and economic operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters.	None
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.	None
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.	Positive
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

Impacts to Relevant Objectives

Implementation of this modification would further Special Condition A11.1 (f), the promotion of efficiency in the implementation and administration of the Code as it implements existing best practice regarding email use across the industry.

5 Implementation

There are no anticipated costs to the implementation of this modification.

As self-governance procedures are proposed, implementation could be 16 business days after a Modification Panel decision to implement.

0479

Modification

27 January 2014

Version 1.0

Page 6 of 7

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6 Legal Text

To be provided.

7 Recommendation

The Proposer invites the Panel to:

- Determine that this modification should be subject to self-governance;
- Determine that this modification should progress to Workgroup assessment.