

Stage 02: Workgroup Report

0467:

Project Nexus - iGT Single Service Provision; data preparation

At what stage is this document in the process?



This Modification seeks to require the independent Gas Transporters (iGTs) to participate in the preparation of iGT data to enable implementation of the iGT 'single service provision' arrangements identified within UNC Modification 0440 Project Nexus - iGT Single Service Provision.



The Workgroup recommends that this modification requires further assessment.



High Impact:
Insert name(s) of impact



Medium Impact: iGTs and Shippers



Low Impact:
Insert name(s) of impact

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29 January 2014

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About this document:

This report will be presented to the panel on 20 February 2014.

The panel will consider whether the modification should proceed to consultation or be returned to the workgroup for further assessment.



Any questions?

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1 Summary

Is this a Self-Governance Modification?

The Modification Panel determined that this is not a self-governance modification as it is likely to have a material impact on competition.

Why Change?

The delivery of the changes to the UK-Link systems necessary to support implementation of UNC Modification 0440 is dependent upon data received from iGTs. Amending the LDZ CSEP NExA Annex A would create an obligation on the iGTs to participate in the data preparation activity required to implement changes to UK Link systems within the remit of Project Nexus.

Solution

Amendment is required to the Annex A of the LDZ CSEP NExA to require iGTs to participate in a data preparation exercise to enable implementation of UNC Modification Proposal 0440.

Relevant Objectives

Implementation of this modification can be expected to facilitate GT Licence 'relevant objective' (d).

Implementation

No implementation date has been proposed. The costs incurred by Xoserve to implement this modification are expected to be in the range of £400,000 - £900,000.

2 Why Change?

The timely delivery of the changes to UK-Link systems necessary to support implementation of UNC Modification 0440 is dependent upon the receipt of relevant data by Xoserve from iGTs. Amending the LDZ CSEP NExA Annex A would create an obligation on the iGTs to participate in the data preparation activity required for implementation of the new CSEPs regime proposed under UNC Modification 0440. This is commonly termed 'iGT CSEP Single Service Provision'.

Creating this obligation would facilitate completion of the data preparation exercise upon which implementation of UNC Modification 0440 is dependent.

¹ [UNC Modification Proposal 0440](#)

¹ [LDZ CSEP NExA Annex A](#)

3 Solution

The UNC identifies the method by which Annex A of the LDZ CSEP NExA is modified¹.

It is proposed to modify Annex A to set out an obligation on iGTs to participate in the data preparation exercise for Project Nexus.

| User Pays |
|--|
| Classification of the modification as User Pays, or not, and the justification for such classification. |
| This is a non-code User Pays modification. This modification would lead to an activity that requires funding but is not funded by the GTs |
| 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. |
| Users would be the beneficiaries of the service. 100% of service costs to be charged to Users |
| Proposed charge(s) for application of User Pays charges to Shippers. |
| The charging basis is as follows: In proportion to each Users market share of iGT Supply Points as measured on the date of implementation. |
| Proposed charge for inclusion in the Agency Charging Statement (ACS) – to be completed upon receipt of a cost estimate from Xoserve. |
| To be determined. Expected to be within the range £400,000 to £900,000 |

The purpose of this modification is to require iGTs to participate in the data preparation exercise required as a pre-requisite for implementation of the regime proposed under UNC Modification 0440. This data preparation exercise would incur costs for the Transporters agent, Xoserve and it is proposed that these costs be recovered from the relevant Users. The costs expected to be incurred by Xoserve are in the range of £400,000 - £900,000. The intention is to create an iGT data preparation service in the Services Schedule for the Provision of Non-Code User Pays Services, with an associated charge in the Agency Charging Statement (ACS). The proposed charging basis would be based upon each Users market share of Supply Points on iGT networks. The charges may be in two parts; the first part being the build of the preparation database and the second after the completion of the data preparation event when the data is migrated to the target system for live operation.

¹ [TPD Section J4.3.6 & 6.4.1](#)

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. | Positive |
| 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. | None |
| 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 |

Implementation of this modification is necessary to ensure unimpeded preparatory work to enable introduction of the new UNC CSEPS regime advocated by UNC Modification 0440. This is a component of the 'transitional' suite of UNC modifications necessary to ensure implementation of 'Project Nexus'.

The arrangements proposed to be implemented under Project Nexus are expected to facilitate GT Licence relevant objective 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.

5 Implementation

An implementation timetable has not been proposed at this point.

6 Legal Text

The Modification Panel requested Text at the October 2013 meeting. The following Text has been prepared by National Grid Distribution and is published alongside this Workgroup Report. No issues were raised by the Workgroup regarding its content.

7 Recommendation

The Workgroup notes that the modification requires to be amended including the development of business rules and invites the Panel to:

- AGREE that this modification should be returned to Workgroup for assessment.