

**Transition Business Rules**

for

**Project Nexus**

submitted to

**Project Nexus Workgroup**

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Author (for this version):	Xoserve
Version:	0.76
Date:	1321/1009/2014

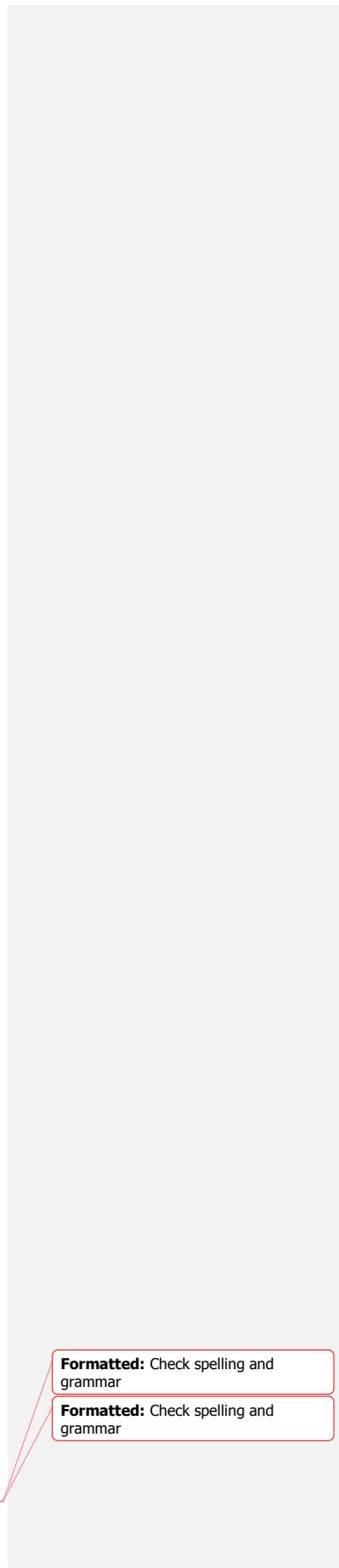
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## 2. Document Purpose

The purpose of this document is to accurately capture the business rules for transition from the current UNC to the new industry requirements developed through the Nexus Workgroup (PN UNC). This document describes the processes that will have an end date as a result of the relevant modifications. For information, an additional document is to be prepared to explain how new processes (created by the relevant modifications) will operate immediately after go live e.g. how a smaller supply point reconciliation will be processed where read 1 pre dates Go Live.

Adequate information will be provided to enable the industry to approve the documented requirements.

The business rules are based on presentations and discussions at the Nexus Workgroup. Once the rules are sufficiently developed they will be documented here for each business area. Section 6 lists the areas discussed and the status of the rules, agreed or to be agreed.

This final approved version of the document will form the base for any Modification or business and functional changes required to implement the transitional business rules.

### 2.1 Intended Audience

- Gas Shippers/Suppliers
- Gas Transporters (Larger and Small)
- Xoserve
- Customer Representative(s)
- Ofgem

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### 3. Executive Summary

#### 3.1 Introduction to the change

This document contains the matters for consideration for the transition of existing UNC rules to the proposed rules generated by Modifications:

- 0432 Project Nexus Gas Demand Estimation, Allocation, Settlement and Reconciliation Reform
- 0434 Project Nexus Retrospective Updates
- 0440 Project Nexus iGT Single Service Provision
- iGT UNC 039 Use of a single Gas Transporter agency for the common services and systems and processes required by the iGT UNC
- 467 Project Nexus iGT Single Service Provision Data Preparation,
- 473 & 473A Project Nexus Allocation of Unidentified Gas

If required, further Modifications will be added as they are raised.

#### 3.2 Change Drivers and Business Goals

##### Drivers

To deliver the new industry requirements with the least disruption to the industry

##### Business Goals

To develop an industry agreed robust regime for the transition from current to new arrangements as defined within Modifications listed under Section 3.1.

#### 3.3 Related Documents

As well as the Modifications referenced under section 3.1 the following documents are the business requirements documents developed by the Nexus Workgroup (PN UNC)

Document Title	Location
Annual Quantity BRD v5.0	Joint Office Website
iGT Agency Services BRD v2.0	Joint Office Website
Invoicing BRD v2.0	Joint Office Website
Reconciliation BRD v 3.0	Joint Office Website
Retrospective Updates BRD v 4.0	Joint Office Website
Meter Read Submission & Processing and Settlement Arrangements for all Gas Meter Points BRD v 4.0	Joint Office Website
Supply Point Register BRD v 3.0	Joint Office Website
Transition Topic Register	Joint Office Website

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## 4. Scope

### 4.1 In Scope

- Transitional arrangements required to deliver the changes required under the Modifications listed in Section 3.1

### 4.2 Out of Scope

- Changes required as a result of Smart metering & DCC implementation
- Any Modification not listed under Section 3.1

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## 5. Assumptions and Concerns

### 5.1 Assumptions

- There will be a single release for all functionality related to the Modifications 0432, 0434 and 0440
- The processes required by the relevant Modifications will be effective on the implementation date of the Modifications..

### 5.2 Dependencies

- Timely industry agreement will be required to progress transition topics in line with the broader programme
- The outcome of High Level Design phase of the UKLink Replacement Programme
- Approval of all Nexus Modifications
- Transition rules are agreed in line with the published schedule

### 5.3 Risks & Issues

- Not all Shippers/Suppliers attend the workgroups or are represented therefore solutions may not be representative of the whole industry and consequently there may be opposition to any potential Modifications raised.
- There is a risk that transition rules are not agreed and/or are changed late within the programme, leading to a delay in modifications being agreed and impacting implementation timelines.

### 5.4 Constraints

- Broader change programme as there is a significant level of industry change with similar implementation dates. The industry's ability to achieve all of these changes needs to be taken into consideration when planning transition activities.

### 5.5 Design Considerations

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## 6. Transition Topic Register

### 6.1 Supply Point Category

Document Reference	Topic Area	Processes Covered	UNC Section Affected	Date Presented at Nexus Workgroup	Date Agreed at Nexus Workgroup
7.1.	Supply Point Classification	Classification of the 'Class' of a Supply Point	G1.5	19/03/2014	15/04/2014

### 6.2 Supply Point Administration Activities

Document Reference	Topic Area	Processes Covered	UNC Section Affected	Date Presented at Nexus Workgroup	Date Agreed at Nexus Workgroup
7.2	Supply Point Administration (not including CSEPs or 'Unique Sites')	Supply Point Enquiries	G1.17	19/04/2014	15/04/2014
		Nominations	G2.3		
		Supply Point Offers	G2.4		
		Supply Point Referrals	G2.3.8		
		Confirmations	G2.5, G2.6 & G2.7		
		Objections	G2.8		
		Opening Readings	M5.13		

### 6.3 Supply Point Amendments

Document Reference	Topic Area	Processes Covered	UNC Section Affected	Date Presented at Nexus Workgroup	Date Agreed at Nexus Workgroup
7.3	Supply Point Amendments	Capacity Revision		19/03/2014	15/04/2014
		SHQ Revision			
		Priority Consumer			
		Market Sector Code			
		Emergency & Customer Contacts			
		Supplier ID			
		GAO, MAM & MRA Updates			

### 6.4 Reconciliation

Document Reference	Topic Area	Processes Covered	UNC Section Affected	Date Presented at Nexus Workgroup	Date Agreed at Nexus Workgroup
7.4	Reconciliation	RbD to Meter Point Reconciliation		02/04/2014	12/05/14 (RbD to meter point reconciliation principles agreed on 04/09/12)
		Meter Point Reconciliation for Smaller Supply Points			
		Filter failures (USRV's)			
		Sharing & Incentive Invoice			

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### 6.5 Meter Information

Document Reference	Topic Area	Processes Covered	UNC Section Affected	Date Presented at Nexus Workgroup	Date Agreed at Nexus Workgroup
7.5	Meter Information	Asset Updates		15/04/2014	15/04/2014
		Asset Amendments			

### 6.6 Retrospective Updates

Document Reference	Topic Area	Processes Covered	UNC Section Affected	Date Presented at Nexus Workgroup	Date Agreed at Nexus Workgroup
See note below	Retrospective Updates	Asset Installation & Removal & Asset Amendments Supply Point Data		15/04/2014	15/04/2014
		<u>Meter Reads</u>		<u>09/09/2014</u>	<u>07/10/2014</u>

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Note: Rules for Retrospective Updates are being documented in a separate document as the business rules are not transitional requirements.

### 6.7 AQ Review

Document Reference	Topic Area	Processes Covered	UNC Section Affected	Date Presented at Nexus Workgroup	Date Agreed at Nexus Workgroup
See Below	AQ Review	AQ Review		12/05/2014	18/06/2014
		AQ Amendments			
		AQ Appeals			

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		End of Year AQ Reconciliation (Mod 640)			
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Note: Rules for AQ Review are being documented in a separate document as the business rules are not transitional requirements.

### 6.8 Read Submission & Validation

Document Reference	Topic Area	Processes Covered	UNC Section Affected	Date Presented at Nexus Workgroup	Date Agreed at Nexus Workgroup
See Below	Read Submission & Validation	Read migration		12/05/2014	18/06/2014
		Read validation			

Note: Rules for Read Submission & Validation are being documented in a separate document as the business rules are not transitional requirements.

### 6.9 AQ & SOQ for Transportation Charges

Document Reference	Topic Area	Processes Covered	UNC Section Affected	Date Presented at Nexus Workgroup	Date Agreed at Nexus Workgroup
7.6	Fixed AQ and SOQ	Transportation Charges from Go Live	G1.6	09/09/2014	09/09/2014

### 6.10 Gas Nominations and Allocations

Document Reference	Topic Area	Processes Covered	UNC Section	Date Presented at Nexus Workgroup	Date Agreed at Nexus
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			Affected		Workgroup
7.7	Gas Nominations and Allocation processes	Changes in processes for Nominations & Allocations		09/09/2014	09/09/2014

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## 7. Transitional Business Requirements

### 7.1 Supply Point Category

- The new arrangements require every Supply Meter Point to be categorised as either Class 1, 2, 3 or 4. As it will not be possible for all Supply Points to be Confirmed by the Shipper into their elected Class until after Go Live all existing Supply Points will be migrated to a default Class
- All existing Supply Points will be migrated to the new system and processed from Go Live as;
  - Existing DM Mandatory Supply Points (as per legal text for Mod 0432 G1.5.3) to Class 1
  - Existing Daily Metered Elective (DME) Supply Points to Class 2
  - All other Supply Points that do not meet the above criteria to Class 4\*

\*daily metered voluntary supply points are still under review

- The Default Class of the Supply Point can only be changed to the Shippers preferred Class post Go Live.
- For DN Interruption Contracts, the Shipper will have the obligation to manage the Confirmation to a DM Supply Point where the DNI Contract commences on the 1<sup>st</sup> October 2015

### 7.2 Supply Point Administration Activities

#### Supply Point Enquiries

- The new arrangements will allow a Shipper to request up to 12 months consumption data for a Supply Point via the Supply Point Enquiries process and
- The new arrangements will allow a Shipper to request a Supply Point Enquiry for any Supply Point regardless of AQ, currently a Supply Point Enquiry for a Smaller Supply Point is requested via email.
  - A request submitted after Go Live from a Shipper requesting consumption history for the period pre Go Live will be accepted and up to 12 months consumption history (where available) will be provided in the Supply Point Enquiry response
  - A Supply Point Enquiry for a Smaller Supply Point submitted after Go Live via UKLink communication will be processed the in the same way as a request for a Larger Supply Point.

Supply Point Nomination

- The new arrangements will require a Shipper to Nominate, where applicable, the Supply Point to either Class 1, 2, 3 or 4.
  - Nominations to a Class can only be submitted post Go Live, any requests pre Go Live will be rejected.

#### Supply Point Offers

- There are no changes to the arrangements for submitting a Supply Point Offer however Offers submitted to the Shipper pre Go Live will be based on the current DM/NDM arrangements and not based on the 'Class' of the Supply Point.
  - All outstanding 'Live' Offers will be invalidated at Go Live and will not be migrated over.
  - A Confirmation received post Go Live confirming an Offer submitted under the old arrangements (DM/NDM) will be rejected.

#### Supply Point Referral

- There are no changes to the arrangements for the Referral to Distribution Networks following a Supply Point Nomination however the outcome of a Referral is an Offer which will not be valid under the new arrangements.
- A Referral is only required where the Supply Point is DM and the Nomination is requesting a change to the existing SOQ / SHQ.
  - Any Referrals outstanding as a result of a Supply Point Nomination at Go Live will be cancelled and will not be migrated over.
- For a Nomination where a Referral has been cancelled the Shipper will need to submit a new Nomination post Go Live.

#### Supply Point Confirmation

- The new arrangements require a Shipper to specify their elected Class for Smaller Supply Points. For Larger Supply Points the Shipper will Confirm the Offer which specified the Class in the Nomination.
- - All In-Flight Confirmations (accepted pre Go Live) will continue to be processed and categorised under the default Class (see section 7.1 Supply Point Category).
  - To change the default Class of a Supply Point post Go-Live the Registered Shipper will need to submit a Supply Point Amendment or a new Confirmation.

#### Supply Point Objections

- There are no changes to the arrangements for Supply Point Objections however the timescales for resolving the Objection will be reduced as a result of Non-Effective Days.
- Shippers will need to resolve the Objection within the Objection window else the Confirmation will lapse.
  - All In-Flight Objections (accepted pre Go Live) will continue to be processed

#### Supply Point Opening Readings

- The new arrangements for obtaining and submitting the Opening Read is different depending on the Class the Supply Point is transferring from and to.
  - The Opening read will be validated and processed as per the current rules pre Go Live.
  - The estimated read will be populated and submitted to the Shipper as per the existing rules.
- The new arrangements for obtaining & submitting the Opening Meter Reading will only apply following a transfer of ownership post Go Live.
- Any Shipper Agreed Reads received pre Go Live will be processed.

### 7.3 Supply Point Amendments

#### Supply Point Capacity Revision (SOQ)

- No transition matters identified. Capacity Revision requests submitted prior to UK Link Suspension will be processed.

#### Supply Point SHQ Revision

- No transition matters identified Supply Point SHQ Revision requests submitted prior to UK Link Suspension will be processed.

#### Priority Consumer

- No transition matters identified. Priority Consumer requests submitted prior to UK Link Suspension will be processed.

#### Market Sector Code

- No transition matters identified. Market Sector Code update requests submitted prior to UK Link Suspension will be processed.

#### Meter Read Frequency

- No transition matters identified. Meter Read Frequency update requests submitted prior to UK Link Suspension will be processed.

#### Emergency Contact Information

- No transition matters identified. Emergency Contact information update requests submitted prior to UK Link Suspension will be processed.

#### Supplier ID

- No transition matters identified. Supplier ID update requests submitted prior to UK Link Suspension will be processed.

#### Gas Act Operator (GAO), Meter Asset manager (MAM & Meter Reading Agency (MRA)

- No transition matters identified. GAO, MAM and MRA update requests submitted prior to UK Link Suspension will be processed.

## 7.4 Reconciliation

#### Reconciliation by Difference (RbD)

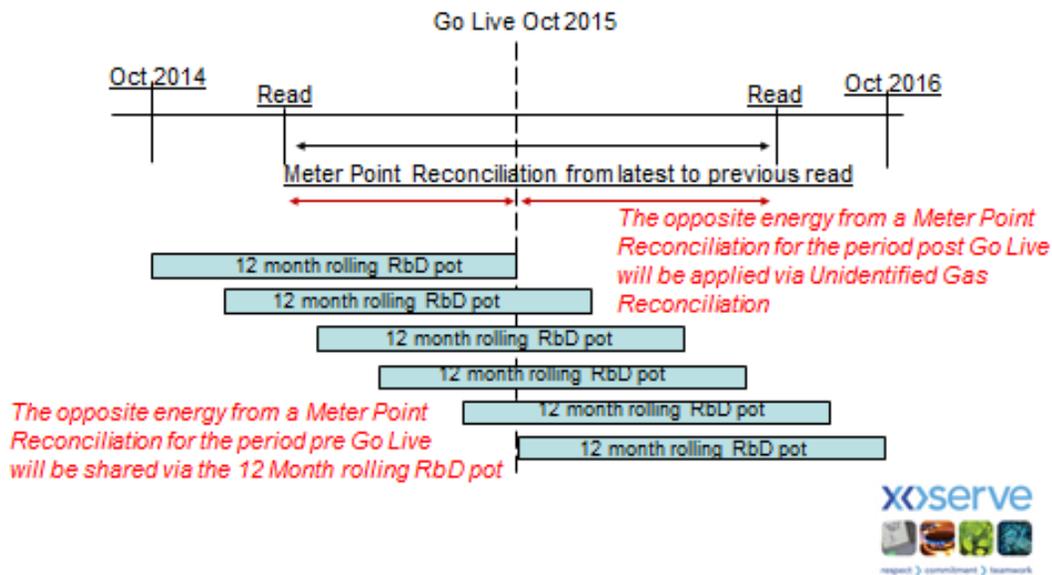
- Individual meter point reconciliation for Smaller Supply Points will replace Reconciliation by Difference (RbD), -for the period prior to Go Live, RbD will still apply.
- For Smaller Supply Points;
  - the first valid read received after Go Live will trigger a meter point reconciliation back to the previous valid billable meter reading.
  - The reconciliation will be divided into two variances and only the reconciliation charges post Go Live will be issued on an invoice.
- For Larger Supply Point (LSP)
  - reconciliations will be calculated as normal i.e. from the latest valid read to the previous valid meter reading, and the meter point reconciliation charges pre and post Go Live will be invoiced.
- Where a LSP reconciliation spans Go Live, the treatment of the equal and opposite energy adjustment differs for the period pre and post Go Live.
  - Energy pre Go Live will be applied through RbD.
  - The RBD mechanism will continue for 12 months after Go Live on a rolling basis, 12 months after Go Live RbD will cease and all reconciliation periods will be included the Unidentified Gas Reconciliation.
  - For this 12 month period, all the energy for a period pre Go live will be allocated to the 12 month RbD pot based on SSP market shares based upon existing rules.
  - Energy allocated to Unidentified Gas Reconciliation will be allocated based on throughput values (in accordance with Modification 0432).

- For this 12 month period, energy for a period that spans Go Live will be apportioned based on the reconciliation variance into the RbD pot for pre Go Live and for post Go Live the Unidentified Gas Reconciliation methodology.
- Reconciliation periods pre Go Live for LSP's will be fed into the RbD pot for 12 months after which time all reconciliations will go into the Unidentified Gas Reconciliation methodology

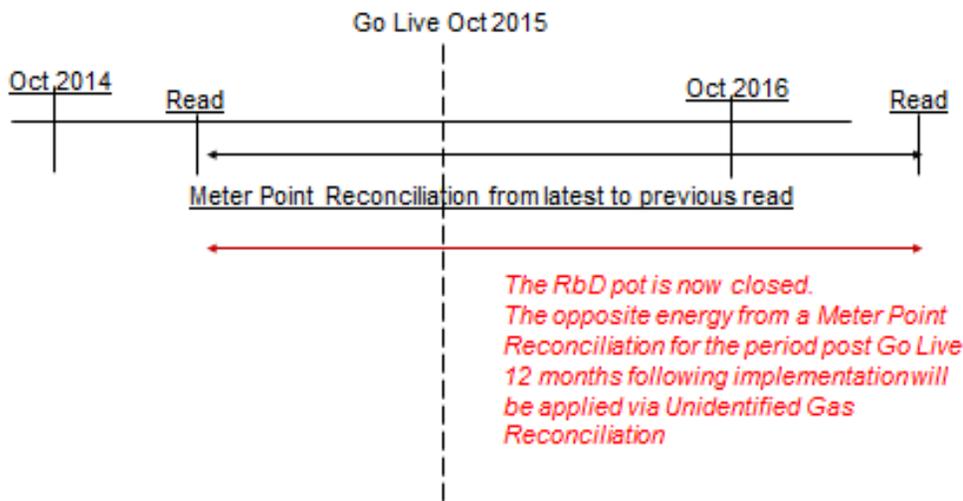
The following diagrams shows how the 12 month rolling RbD pot will operate for Larger Supply Point Meter Point Reconciliation and a Smaller Supply Point Meter Point Reconciliation spanning Go Live and for a period post Go Live.

## Larger Supply Point Reconciliation spanning Pre & Post Go Live

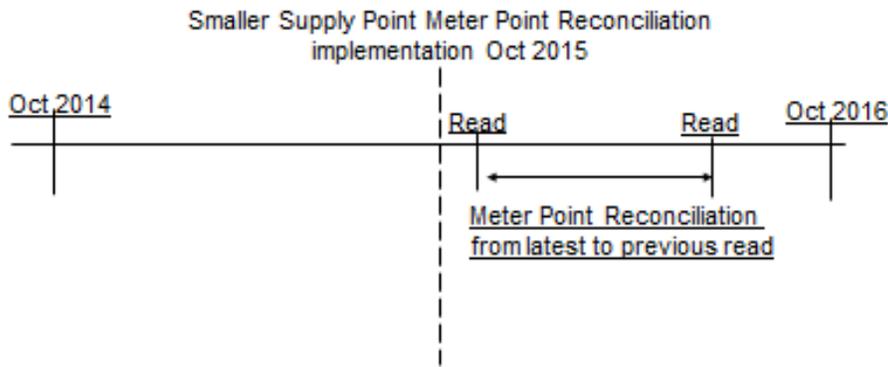
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## Larger Supply Point Reconciliation spanning Pre & Post Go Live 12 Months after Implementation

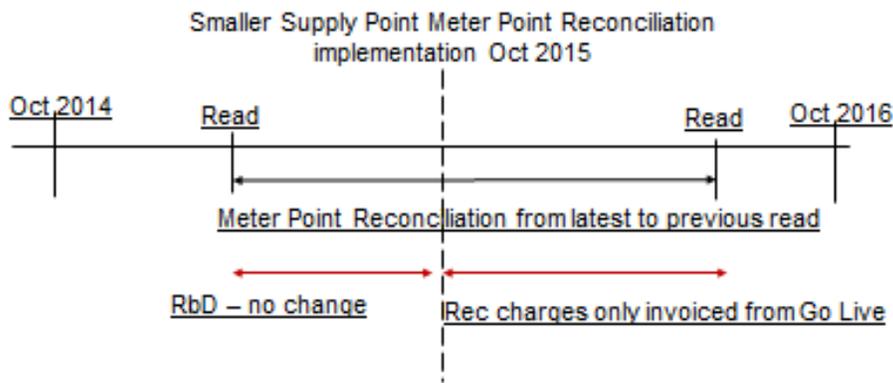


## Larger and Smaller Supply Point Reconciliation post Go Live i.e. no impact on pre Go Live period



*The opposite energy from a Meter Point Reconciliation for the period post Go Live will be applied via Unidentified Gas Reconciliation*

## Smaller Supply Point Reconciliation



*The opposite energy from a Meter Point Reconciliation for the period post Go Live will be applied via Unidentified Gas Reconciliation*



**User Suppressed Reconciliation Variance (USRV) resolution**

- USRVs will be generated for reconciliations processed pre Go Live these will require resolution.
  - All outstanding USRV's as at implementation to be resolved by the Shipper within 6 months.
  - Any outstanding USRV's after 64 months will be resolved by Xoserve under User Pays arrangements.
- As part of the migration activity it is being considered that reads that have resulted in a USRV may be marked as 'suspect' so they are not used in any processes post Go Live, e.g. AQ review.
- Meter reads submitted post implementation for a read date pre implementation will be subject to the new read validations.

**Sharing and Incentive Invoice**

- The incentive regime will end at Go Live. The final invoices relating to this regime will be issued sometime after (exact timing to be determined) Go Live.

**7.5 Meter Information****Asset updates and asset amendments**

No transition matters identified. Asset updates and amendment requests submitted prior to UK Link Suspension will be processed.

**7.6 AQ & SOQ for Transportation Charges**

For Class 3 and 4 Supply Meter Points there will be two AQs and SOQs;

- Rolling AQ for allocation processes
- Fixed AQ and SOQ for transportation charges

The fixed AQ and SOQ will be the value set on 1<sup>st</sup> December each year and will be effective for transportation charges from 1<sup>st</sup> April.

From Go Live date the AQ & SOQ used for transportation charges will be the value set on 1<sup>st</sup> October 2015 and will be used upto the 31<sup>st</sup> March 201~~5~~<sup>6</sup>. A snapshot of the AQ & SOQ will be taken on the 1<sup>st</sup> December 2015 and applied for transportation charges effective from 1<sup>st</sup> April 2016.

**7.7 Gas Nomination and Allocation Processes**

#### Gas Nominations

For DM Supply Meter Points (Class 1 and 2) gas nominations will be input by the Shipper for the Go Live date (this is no change for the existing DM Supply Meter Points). Gas Nominations can be submitted upto D-1 of the Gas Flow Day (GFD).

For the GFD of Go Live date, where a DM Gas Nomination has not been input by the Shipper a D-7 estimation will be generated and applied. The estimate will not be included in the calculation of Scheduling Charges for the Energy Balancing processes and invoice.

For the GFD of Go Live date, NDM Supply Meter Points (Class 3 and 4) Gas Nominations will be calculated using the new Supply Meter Point Demand estimation formula.

Forecast LDZ Unidentified Gas will be calculated for the GFD from Go Live date and apportioned to Shippers within an LDZ.

All Gas Nominations including Unidentified Gas will be viewable on Gemini.

#### Allocations

DM Gas allocations will continue as per current processes.

For the GFD of Go Live date, NDM Supply Meter Points (Class 3 and 4) Allocations will be calculated using the new Supply Meter Point Demand estimation formula.

LDZ Unidentified Gas will be calculated for the GFD from Go Live date and apportioned to Shippers within an LDZ using the Unidentified Gas Allocation Factors.

All Allocations including Unidentified Gas will be viewable on Gemini.

## 8. Document Control

### Version History

Version	Status	Date	Author(s)	Summary of Changes
0.1	Initial Draft	04/04/2014	Xoserve	First draft
0.2	Draft	22/04/2014	Xoserve	Updates agreed at 15/04/2014 & inclusion of Retro Update rules
0.3	Draft	16/06/2014	Xoserve	Updates as agreed at 12/05/14 meeting clarification of rules under section 7.4
0.4	Draft	14/07/2014	Xoserve	Updates to remove sections 7.5 & 7.6 as documented in separate document
0.5	Draft	04/08/2014	Xoserve	Approved updates from version 0.4 and added 'Dates Agreed at nexus' under Section 6
0.6	Draft	21/09/2014	Xoserve	Updates following 9 <sup>th</sup> September meeting
<u>0.7</u>	<u>Draft</u>	<u>13/10/14</u>	<u>Xoserve</u>	<u>Corrections identified at 07/10/14 meeting</u>

### Reviewers

Name	Version	Date
PN UNC		

### Approval

Name	Version	Date