

## Stage 01: Modification

# 0522:

## Governance of the use of email as a valid UNC communication

At what stage is this document in the process?



This modification proposes business rules to ensure that appropriate assurance is in place to be satisfied that communication between parties has been successfully achieved when email is used as the communication method.



The Workgroup recommends that this modification should now proceed to consultation.



High Impact:



Medium Impact:  
UNC Parties



Low Impact:  
[DNOs, Users]

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Any questions?

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## About this document:

This report will be presented to the panel on 19 November 2015.

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

The Workgroup recommends the following timetable:

Initial consideration by Workgroup	28 August 2014
Amended Modification considered by Workgroup	29 October 2015
Workgroup Report presented to Panel	30 October 2015
Draft Modification Report issued for consultation	20 November 2015
Consultation Close-out for representations	10 December 2015
Final Modification Report presented to Panel	11 December 2015
UNC Modification Panel decision	17 December 2015 (at short notice)

# 1 Summary

## Is this a Self-Governance Modification?

The Modification Panel determined that the criteria for Self-Governance was not met for this modification as it was proposing a significant change in the way UNC parties will manage email communications. However, the Workgroup has reviewed the modification solution and considers that this modification would now be suitable for Self-Governance as following amendment, it only proposes to put in place rules for the governance of email communications and therefore is not considered material change.

## 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 Since then email has superseded fax as a more efficient and common form of business communication

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 Proposals P113, 'Email Communication under the Code' and P159, 'Extending the Scope of Email Communications under the Code'. Since these proposals there has been expansion of the use of email as an allowable code communication in the Gas Industry due to the implementation of Modification 0479S - Inclusion of email as a valid UNC communication.

It is time to update the industry arrangements to reflect the technology changes and put in place mechanisms to update agreed communication channels between parties. Modification 479S was raised by Northern Gas Networks to introduce more formal requirements in the UNC for the use of email by UNC parties, however this modification has been raised to provide more robust rules for the governance of email as a UNC communication.

## Solution

Business rules are proposed to ensure that appropriate assurance is in place to be satisfied that communication between parties has been successfully achieved when email is used as the communication method.

## 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, by providing robust governance mechanisms to ensure the use of email is effective

## Implementation

This modification can be implemented without central system development. However, Transporters would need to review existing email practices to ensure their processes comply with the requirements in this modification.

## Does this modification affect the Nexus delivery, if so, how?

No impacts anticipated should this modification be implemented.

## 2 Why Change?

Email has superseded fax as a more efficient and common form of business communication UNC Modification Proposal 033, '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'. 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.

Modification 0479S was raised by Northern Gas Networks to introduce more formal requirements in the UNC for the use of email between UNC parties, however this modification has been raised to provide more robust rules for the governance as a UNC communication.

Where formal communication grants rights or imposes obligations on parties, the deemed sending/receipt for email communication is not sufficient to bind the parties contractually and it is important that the network code reflects the necessary safeguards needed to ensure that there is the "meeting of minds" in the evolution of that contractual relationship between the parties.

The rules need to reflect the ability of the parties to communicate and recognise that there are some technical challenges that interrupt the instantaneous communication that emails offer, for example some email systems are set up such that they automatically return emails if they detect what they believe to be a virus/Trojan horse/spyware, even with the correct valid email address.

Equally it is much easier for communications to be misdirected when using email, so it's important that the recipient and sender can rely on the use of an accurate email address. A valid email address should be one that the recipient has provided and is correctly recorded and used by the sender. The risk is that the email address is incorrectly recorded and used by the sender so that the email is delivered to an unintended recipient who fails to notify the sender of their error. In those circumstances communication cannot be deemed to have been achieved, because an invalid email address has been used.

## 3 Solution

In light of Ofgem's comments in their former decision documents on the introduction of internet and email communication we propose therefore to amend General Terms B of the UNC to ensure that appropriate business rules are developed that address:

- How email address information for email communication is established and maintained, and to
- Determine whether communication has been achieved and setting out obligations to manage "Non-delivery" notices
- The creation of a new role for a Registered User's Authorised Email Representative and will set out how escalation of failed communication can be dealt with using an "Authorised Email Representative", as well as the role in validation of changed information.

## **Draft Business Rules**

1. On accession to the code the Transporters will request confirmation of valid relevant email addresses from the Registered User for existing communications sent by email.
2. On implementation the Transporters will continue to use those email addresses currently in use and as provided by the Registered Users as valid email addresses.
3. The sender must use the valid email address as provided by the recipient for the specific communication type. (It is within the addressee's "sphere of influence" to provide adequate means to ensure that their internal communication functions satisfactorily). An email must "reach" the addressee. For clarity - this means it must have been delivered and accepted on to the addressee's server, and for the avoidance of doubt, this does not require the addressee to have retrieved or read the communication – unless that express requirement is agreed in advance by both parties.
4. When an email address is to be used for the first time for any Code Communication, a test email will be sent and the user will respond, so that the recipient can confirm that the email address is correct. Any non-response to test emails will be referred to the Registered User's Email Representative for resolution.
5. Any non-delivery notification received by the Sender must be acted upon by the Sender within 1 hour of receipt of the non-delivery notice. For the avoidance of doubt, non-delivery notifications will invalidate the expectation of deemed communication. If the communication attempts to confer rights or obligations, the Sender will contact the Registered User to resolve the non-delivery before resending.
6. The Registered User's Authorised Representative will be responsible for being the primary person(s) to contact to resolve email communication failures.
7. In the event of non-delivery notification being unresolved, deemed receipt (and any consequential actions) will only result from the 'official' post or fax versions of the communications. Since these exceptions should represent 'one-off' or rare communications, any inefficiency in continuing to issue these by post or fax will be minimal.
8. Registered Users' Authorised Representatives will use reasonable endeavours to provide 20 days' notice of any changes of valid email address (unless an alternative effective date is agreed between parties) to the Transporters, which will then be updated by the Transporter within 5 business days of receipt.
9. Transporters will use reasonable endeavours to provide 20 days' notice of any changes of valid email address (unless an alternative effective date is agreed between parties) to the Registered Users' Authorised Representatives, which will then be updated by the User within 5 business days of receipt.

### **Definition of a Registered User Authorised Email Representative**

The Authorised Email Representative will be the Registered User's authorised representative as an escalation point and will be the point of contact to verify changes to valid email addresses and their responsibilities will include:

- (a) providing a dedicated point of notification in the event of failure of a Code Communication issued by email in order to

- I. Act as a point of escalation in the event of a non-delivery receipt.
  - II. By agreement, accept receipt of the Code Communication on behalf of the Registered User and distribute accordingly within the User organisation - this will satisfy receipt by such Organisation and deemed receipt rules will apply.
- (b) enabling a User to provide a Code Communication:
- I. In the event that Registered User(s) for such Code Communication are unable to do so – i.e. the Authorised Email Representative will be able to provide any User to Transporter Code Communication in addition to any Registered User
  - II. In the event that a User has failed to register a designated recipient or sender.
- (c) enabling a Transporter to provide a Code Communication to a User where that User has failed to provide a designated recipient relating to that Code Communication.
- I. In the event that a User has failed to register a designated recipient or sender.
  - II. For the avoidance of doubt, the Authorised Email Representative is an individual who represents the Registered User who is an organisation.

A Registered User may have more than one Authorised Email Representative to ensure cover is provided at all times

The Authorised Email Representative authorises all requests to add, amend or remove designated recipients of Code Communications on behalf of their organisation or business unit.

In addition, the Authorised Email Representative will be able to provide a focus for the management of Registered Users contact information for Code Communications by:

- (a) Periodic review of contact information for Code Communications; and
- (b) To answer questions arising from the Transporter where potential issues with the validity of Registered User information is identified.

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 by providing robust governance mechanisms to ensure the use of email is effective.

## 5 Implementation

No implementation timescales are proposed. However, as this modification has no systems impacts, implementation could be soon following and Authority decision to do so. However, the Workgroup recommends that this modification should be Self-Governance, therefore implementation could be sixteen business days after a Modification Panel decision to implement, subject to no Appeal being raised.

Note: Transporters would need to review their existing email practices to ensure processes comply with the requirements in this modification. Therefore, they may require an implementation lead time that exceeds sixteen business days should Self-Governance apply.

## 6 Impacts

### Does this modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

No, see below.

#### Project Nexus Implementation

It should be noted that Project Nexus systems are being built with requirements to allow the use of email for certain Code communications.

## 7 Legal Text

### Text Commentary

Text Commentary was provided by Northern Gas Networks for discussion at Workgroup. However, following discussion, changes were required and the amended Commentary is to be provided after the publication of this report.

### Text

Text was provided by Northern Gas Networks for discussion at Workgroup. However, following discussion, changes were required and the amended Text is to be provided after the publication of this report.

## 8 Recommendation

The Workgroup invites the Panel to:

- AGREE that this modification should be issued to consultation.