

0572:

Amendment to the definition of AUG Year within UNC TPD Section E

01	Modification
02	Workgroup Report
03	Draft Modification Report
04	Final Modification Report

This modification proposal amends the definition of 'AUG Year' as introduced by UNC Modification 0473, by changing the 'AUG Year' period start date from 1 April to 1 October.

	<p>The Proposer recommends that this modification should:</p> <ul style="list-style-type: none"> • not be subject to self-governance; and • assessed by a Workgroup
	<p>High Impact: None</p>
	<p>Medium Impact: Shipper Users</p>
	<p>Low Impact: Transporters</p>

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About this document:		 01293 818480
This modification will be presented by the proposer to the panel on 21 January 2016.		Systems Provider: Xoserve
The panel will consider the proposer's recommendation and agree whether this modification should be:		 commercial.enquiries@xoserve.com
<ul style="list-style-type: none"> referred to a workgroup for assessment. 		
The Proposer recommends the following timetable:		
Initial consideration by Workgroup	28 January 2016	
Workgroup Report presented to Panel	17 March 2016	
Draft Modification Report issued for consultation	17 March 2016	
Consultation Close-out for representations	3 April 2016	
Final Modification Report presented to Panel	21 April 2016	
UNC Modification Panel decision	21 April 2016	

1 Summary

Is this a Self-Governance Modification?

This proposal could have a material impact for the amount of Unidentified Gas cost a Shipper User will pick up through the change in implementation date of the new AUG Expert's AUG Statements and resulting AUG Table. Because this could have a material impact on competition in the shipping of gas conveyed through pipes, we believe it does not fulfil the Self-Governance criteria.

Is this a Fast Track Self-Governance Modification?

Fast Track Self-Governance criteria does not apply because it is not a housekeeping modification.

Why Change?

Modification Proposal 0473 - Project Nexus – Allocation of Unidentified Gas introduces new Allocation of Unidentified Gas (AUG) arrangements with effect from the Project Nexus Implementation Date. Section 7 of the AUG framework document covers the activities and timescales for the creation, submission to The Committee and publication of the AUG Statement by the AUG Expert and the subsequent population and publication of the resulting AUG Table by Gas Transporters.

The Modification 0473 arrangements introduce a period of 9 months between 1st July (publication of the populated AUG Table) and 1st April (commencement of the next AUG Year and effective date of the new AUG Table published on 1st July).

The proposer does not believe that the introduction of a 7 month delay, to introduce a new AUG Table that has been based on the work of the independent AUG Expert, is in the interests of consumers or improves the incumbent process. Instead, arrangements should be such that any changes to the allocation of unidentified gas that are affected by the introduction of a new or revised AUG Table can be implemented at the earliest possible opportunity and are closer aligned to timescales within the existing arrangements.

Solution

The solution simply seeks to amend the definition of 'AUG Year' such that the period commences on 1 October and concludes on 30 September. These dates will replace the dates introduced by Modification 0473 of 1 April and 31 March respectively.

The proposer does not expect there to be any costs associated with the implementation of this proposal.

Relevant Objectives

The proposer believes that this modification proposal has a positive impact upon relevant objective d) Securing of effective competition enhances competition between relevant Shippers and Suppliers because it will ensure that any changes to the AUG Table, as defined by the independent AUG Expert, will be implemented at the earliest opportunity leading to more accurate allocation of Unidentified Gas costs between Shipper Users and will align more closely to existing arrangements, removing the additional delays introduced by Modification 0473.

Implementation

No implementation timescales are proposed. However, the proposer would expect this modification to be implemented in line with the implementation of Modification 0473, which is currently set as 01 October 2016 and defined under code as the Project Nexus Implementation Date.

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

This proposal does not impact a Significant Code Review or any other significant industry change projects.

2 Why Change?

Modification Proposal 0473 - Project Nexus – Allocation of Unidentified Gas introduces new arrangements with effect from the Project Nexus Implementation Date. In addition to the inclusion of new legal text within TPD Section E, Modification 0473 will also introduce a UNC related document entitled 'Framework for the Appointment of an Allocation of Unidentified Gas Expert'.

Section 7 of this UNC related document covers the activities and timescales for the creation, submission to The Committee and publication of the AUG Statement by the AUG Expert and the subsequent population and publication of the resulting AUG Table by The Gas Transporters.

The process outlined in Section 7 concludes The Committee 'approval process' of the AUG Experts Draft AUG Statement by 1st June, with publication of the populated AUG Table being completed by 1st July.

The AUG Table will subsequently become effective at the commencement of the next AUG Year. The AUG Year is defined within TPD Section E as detailed below:

'AUG Year' means the period from 1 April in any year until and including 31 March in the following year and in relation to any AUG Year the "Preceding AUG Year" is the AUG Year ending at the start of such AUG Year;

The Modification 0473 arrangements introduce a period of 9 months between 1st July (publication of the populated AUG Table) and 1st April (commencement of the next AUG Year and effective date of the new AUG Table published on 1st July).

Under the existing AUGE arrangements, introduced by Modification Proposal 0229, the period of time between publication of the final populated AUG Table (1st February) and its effective date (1st April) is only 2 months. These arrangements have been successfully utilised since the implementation of Modification 0229 in 2010.

When compared to the existing AUGE arrangements, the new Modification 0473 arrangements introduce a delay of an additional 7 months (from final AUG Table publication to implementation).

The proposer does not believe that the introduction of a 7 month delay, to introduce a new AUG Table that has been based on the work of the independent AUG Expert, is in the interests of consumers or improves the incumbent process. Instead, arrangements should be such that any changes to the allocation of unidentified gas that are affected by the introduction of a new or revised AUG Table can be implemented at the earliest possible opportunity.

3 Solution

The solution simply seeks to amend the definition of ‘AUG Year’ such that the period commences on 1 October and concludes on 30 September. These dates will replace the existing dates introduced by Modification 0473 of 1 April and 31 March respectively.

The proposer does not expect there to be any costs associated with the implementation of this proposal.

This modification would provide a more consistent approach with the existing arrangements.

Proposed amendment to the legal text introduced by the implementation of Modification 0473

TPD Section E

9.1.1(f) "**AUG Year**" means the period from 1 ~~April~~ **October** in any year until and including ~~31 March~~ **30 September** in the following year and in relation to any AUG Year the "**Preceding AUG Year**" is the AUG Year ending at the start of such AUG Year;

User Pays	
Classification of the modification as User Pays, or not, and the justification for such classification.	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 <ul style="list-style-type: none"> (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

The proposer believes that this modification proposal has a positive impact upon d) Securing of effective competition enhances competition between relevant Shippers and Suppliers because it will ensure that any changes to the AUG Table, as defined by the independent AUG Expert, will be implemented at the earliest opportunity leading to a more accurate allocation of Unidentified Gas costs between Shipper Users and will align more closely to existing arrangements, removing the additional delays introduced by Modification 0473.

5 Implementation

No implementation timescales are proposed. However, the proposer would expect this modification to be implemented in line with the implementation of Modification 0473, which is currently set as 01 October 2016 and defined under code are the Project Nexus Implementation Date.

6 Impacts

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

This proposal does not impact a Significant Code Review or any other significant industry change projects.

7 Legal Text

Suggested Legal Text

TPD Section E

9.1.1(f) "**AUG Year**" means the period from 1 ~~April~~ **October** in any year until and including ~~31 March~~ **30 September** in the following year and in relation to any AUG Year the "**Preceding AUG Year**" is the AUG Year ending at the start of such AUG Year;

8 Recommendation

The Proposer invites the Panel to:

- Determine that this modification should not be subject to self-governance; and
- Progress to Workgroup assessment.