

Agenda: Pre-Modification Panel Briefing
Meeting Details: 13:00, 14 March 2016
Teleconference: 0207 950 1251, access code 21870295#
Documentation at: <http://www.gasgovernance.co.uk/panel/170316>

Dear Colleague,

Please note that we will be hosting a pre-Modification Panel briefing by teleconference starting at **13:00 on Monday 14 March 2016**. Discussions will be based on the Modification Panel agenda (<http://www.gasgovernance.co.uk/panel/170316>).

This pre-Panel briefing is intended to provide, in particular, an opportunity for smaller parties, including customer representatives as well as smaller Shippers and Suppliers, an opportunity to feed views into the modification process at critical stages. We therefore expect to focus on new Modifications and those on which the Panel will debate whether or not implementation is supported. Similar teleconferences are held prior to each monthly Modification Panel meeting (third Thursday of the month). Any views on which information would be most helpful to you, or on the time and format of the teleconference, would be welcome.

Modifications that are on this month's Panel agenda are:

New Modifications

Request 0575 – Consider the Performance Assurance Reporting Requirements for Transporters

Proposed by Scottish Power

This Request proposes to consider Transporter performance reporting requirements in respect of the offtake metering risks identified in the Engage “Gas Market Settlement Risk” report produced for Ofgem in 2014/15. It is envisaged that the output will be used in the forthcoming Performance Assurance Framework.

The Proposer suggests that the workgroup should conclude its review by the end of May 2016.

<http://www.gasgovernance.co.uk/0575>

Modification 0576 – Generation of Code Cut Off Estimate Reading in the absence of an Actual Reading

Proposed by National Grid Distribution

This modification proposes to provide Transporters with the ability to create an estimated reading with an effective date of the Code Cut Off Date (Line in the Sand) where no reading has been received for a period of up to seven years. It will improve settlement accuracy by allowing reconciliation to take place for the affected supply points.

The Proposer is seeking self-governance status for this modification.

<http://www.gasgovernance.co.uk/0576>

Modification 0577 – Aligning UNC to the indirect clearing model operated by ICE Endex

Proposed by National Grid NTS

This modification proposes minor changes to align TPD Section D to the new indirect clearing model operated by ICE Endex since 24 February 2016. It has no dependency on the recent Modification 0568 “Security Requirements and Invoice Payment Settlement Cycle for the Trading System Clearer”.

The Proposer is seeking self-governance status for this modification, and has requested that it is issued directly to consultation since the changes do not require assessment by a workgroup.

<http://www.gasgovernance.co.uk/0577>

Modification 0578 – Implementation of Retrospective Invoice Adjustment arrangements (Project Nexus transitional modification)

Proposed by National Grid Distribution

This modification has been submitted at short notice and Panel will be asked to exercise its discretion in considering it this month, given that lead time is short and it is a Nexus transitional matter.

It identifies requirements relating to Retrospective Data Updates and Updated Meter Readings to enable an orderly and efficient transition from current UNC arrangements to those identified within UNC Modification 0434 - Project Nexus – Retrospective Adjustment and subsequently amended by Modification 0573 – Project Nexus – deferral of elements of Retrospective Adjustment arrangements.

An illustration of how reconciliations are affected has been helpfully included in the Solution.

The Proposer is not seeking self-governance status for this modification.

<http://www.gasgovernance.co.uk/0578>

Implementation Recommendations

Modification 0520/0520A – Performance Assurance Reporting

Proposed by British Gas/Eon

These proposals complement Modification 0506V Gas Performance Assurance Framework and Governance Arrangements, implemented on 29 January 2016 (www.gasgovernance.co.uk/0506), which established arrangements to provide assurance and incentivisation of settlement accuracy in the new ‘Nexus regime’. 0520/0520A define two alternative schedules of the lower level reporting required to inform the new Performance Assurance Committee established by 0506V.

The consultation closes on Thursday 10 March and responses will be summarised on the pre-Panel call. Panel members will be asked whether consultation responses have raised any new relevant issues that should be assessed by the Workgroup or, if not, whether the modification should be implemented.

<http://www.gasgovernance.co.uk/0520>

Modification 0550 – Project Nexus: Incentivising Central Project Delivery

Proposed by npower

This Modification proposes to introduce an incentive payment scheme (from Gas Transporters) should the implementation of Project Nexus be further delayed beyond 01 October 2016 because of transporters' failure to deliver.

The consultation closes on Thursday 10 March and responses will be summarised on the pre-Panel call. Panel members will be asked whether consultation responses have raised any new relevant issues that should be assessed by the Workgroup or, if not, whether the modification should be implemented.

<http://www.gasgovernance.co.uk/0550>

Modification 0568 – Security Requirements and Invoice Payment Settlement Cycle for the Trading System Clearer

Proposed by ICE Gas Spot Ltd

ICE Endex are appointed by National Grid NTS as the operator of the On-the-day Commodity Market (OCM). For organisational reasons, it is intended that ICE Endex Spot Limited will soon assume the role of Trading System Clearer (TSC) for the OCM and will discharge its obligations as TSC by relying on ICE Clear Europe Limited to provide clearing and settlement services.

The UNC requires a User (including the TSC) to provide Security for their indebtedness for Energy Balancing Charges in accordance with the Energy Balancing Credit Rules (EBCR). ICE Endex will not be able to comply with the requirement to provide Security, since ICE Clear, and not ICE Endex, holds the collateral provided by members of ICE Clear. ICE Clear are not a Code party, however they are subject to wider financial regulatory provisions.

This modification proposes to clarify the TSC's Security requirements and amend the TSC's invoice payment settlement cycle to minimise the financial risk to shippers.

The consultation closes on Thursday 10 March and responses will be summarised on the pre-Panel call. Panel members will be asked whether consultation responses have raised any new relevant issues that should be assessed by the Workgroup or, if not, whether the modification should be implemented.

<http://www.gasgovernance.co.uk/0568>

Self-Governance Implementation

None this month

I hope this summary is helpful.

Regards,

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UNC related documents can be accessed via our website: www.gasgovernance.co.uk