



UNC Modification		At what stage is this document in the process?
<p>UNC 0XXX: <i>(Code Administrator to issue reference)</i></p> <p>National Grid Gas plc and National Grid Gas Distribution Limited transitional invoicing arrangements post Project Nexus implementation</p>		<div style="display: flex; flex-direction: column; align-items: flex-start;"> <div style="border: 1px solid green; background-color: #00a651; color: white; padding: 5px; margin-bottom: 5px;">01 Modification</div> <div style="border: 1px solid blue; background-color: #e6f2ff; padding: 5px; margin-bottom: 5px;">02 Workgroup Report</div> <div style="border: 1px solid purple; background-color: #f1e6ff; padding: 5px; margin-bottom: 5px;">03 Draft Modification Report</div> <div style="border: 1px solid orange; background-color: #fff9e6; padding: 5px;">04 Final Modification Report</div> </div>
<p>Purpose of Modification:</p> <p>To provide for a transitional arrangement for the invoicing of certain Transportation Charges by National Grid Gas plc and National Grid Gas Distribution Limited from the implementation of Project Nexus.</p>		
	<p>The Proposer recommends that this modification should be:</p> <ul style="list-style-type: none"> subject to self-governance assessed by a Workgroup <p>This modification will be presented by the Proposer to the Panel on 15th December 2016. The Panel will consider the Proposer's recommendation and determine the appropriate route.</p>	
	<p>Low Impact:</p> <p>National Grid Gas plc, National Grid Gas Distribution Limited and Shipper Users.</p>	

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Timetable		 0121 288 2107
<i>Please provide proposer contacts and an indicative timeline. The Code Administrator will update the contents and provide any additional Specific Code Contacts.</i>		Proposer: Chris Warner
The Proposer recommends the following timetable: <i>(amend as appropriate)</i>		 enquiries@gasgovernance.co.uk
Initial consideration by Workgroup	24 November 2016	 07778 150668
Workgroup Report presented to Panel	19 th January 2017	Transporter: National Grid Gas Distribution Limited plc
Draft Modification Report issued for consultation	19 th January 2017	Systems Provider: Xoserve
Consultation Close-out for representations	10 th February 2017	 commercial.enquiries@xoserve.com
Final Modification Report available for Panel	11 th February 2017	
Modification Panel decision	16 th February 2017	

1 Summary

What

From the Project Nexus Implementation Date (PNID), modification of the UNC is required to permit National Grid Gas Distribution Limited (NGGDL) and National Grid Gas plc (NGG) to implement a transitional arrangement to allow the raising of certain invoices for Transportation Charges incurred on their respective transportation systems.

Why

NGGDL and NGG have been advised by the Transporter's agency, Xoserve, that changes to the post Project Nexus UK Link system (for the purposes of this document called "Project Nexus System") to allow separated billing of relevant Transportation Charges by each of NGG and NGGDL cannot be implemented without giving rise to unacceptable risk to the Project Nexus implementation programme and the PNID.

How

Transitional terms would permit a process to be implemented whereby certain Invoices containing Transportation Charges relating to the NTS are issued by NGGDL. On the same Business Day the NTS Transportation Charges will be separated through the issue of an NGGDL credit note and a corresponding Ancillary invoice being issued by NGG. This would mean Users receiving three Invoice Documents for certain Transportation Charges relating to the NTS. All invoices outside the scope of these arrangements will be invoiced in the normal way.

2 Governance

Justification for Self-Governance

Self-governance procedures are proposed on the basis that the necessary changes will have no material impact on Shipper Users, Gas Transporters or Gas Customers. The changes are designed to have minimal effect on UNC parties.

It would also have no discriminatory effect on any UNC party.

Requested Next Steps

This modification should:

- be subject to self-governance;
- be assessed by a Workgroup (primarily at Distribution but shared with Transmission for completeness and transparency).

3 Why Change?

National Grid's distribution networks were successfully transferred from NGG to NGGDL on 1st October 2016 under a process called 'hive-across'.

Since 1 October 2016 the UNC recognises NGG as the owner and operator of the NTS only, with NGGDL, as the operator of the Distribution Networks that were owned by NGG prior to hive-across, having its own Network Code and therefore being a separate UNC party. Transportation Charge invoicing rules are set out in the UNC Transportation Principal Document (TPD) Section S. The relevant rules identify the Invoice Types and types of charges that can appear on each Invoice Type issued by a Transporter.

Xoserve has advised that they are unable to develop and implement fully separated transportation invoicing arrangements in the Project Nexus System ahead of PNID without this adversely affecting and presenting unacceptable risk to the Project Nexus Implementation programme and the PNID. NGGDL and NGG both agree with Xoserve's assessment of the situation.

Consequently, it is necessary to implement further contingency arrangements, which are identified in Section 5 of this Modification Proposal. These arrangements are proposed to come into force on PNID and continue until the Project Nexus System is updated to reflect the separate ownership of National Grid's Distribution Networks and the Transmission System. This will happen in the earliest suitable release of the updated Project Nexus System. This will be determined by the Data Services Contract (DSC) Change Sub-Committee to be established under the proposed Xoserve Funding, Governance and Ownership arrangements (FGO) – UNC Modification 0565 refers.

For the avoidance of doubt, if this Modification is not made it may not be possible for NGG and NGGDL to issue the required separated Transportation Charge invoices for certain Invoice Types in the Project Nexus System from PNID and therefore the proposed contingency arrangements are necessary until an enduring solution can be implemented post PNID.

4 Code Specific Matters

Reference Documents

No reference documents are necessary or relevant.

Knowledge/Skills

No specific knowledge or skills are necessary to assess this Modification.

5 Solution

Modification of the UNC is required as follows:

- Relevant Transportation Charge Invoices will be issued to Shipper Users in the name of NGGDL. The relevant invoice types are:
 - LDZ Commodity (Exit/CSEPS/Unique Sites)
 - Amendments (Transportation/Energy)
 - Ancillary
 - Metering
 - Compression
 - Own Use Gas

- An NGGDL credit note will then be issued for the Transmission charge element and a subsequent ancillary invoice will be issued in the name of NGG for the Transmission charge element.
- Shipper Users will then pay to NGGDL the net amount of the combined invoice and credit note.
- Shipper Users will pay to NGG the amount on the NGG invoice.
- Note: the above invoicing events will occur consecutively, on the same Business Day mitigating the need for any additional credit cover to be placed by Shipper Users
- The above provisions are required to be in place from PNID until the earliest suitable release of the updated Project Nexus System, to be determined by the DSC Change Management Committee.

6 Impacts & Other Considerations

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

There is no impact on the Switching Significant Code Review, or on any other in-flight industry programme including Project Nexus.

Consumer Impacts

There is no impact on consumers on the basis that the Modification is solely associated with the format of Transportation invoices issued to Shipper Users.

Cross Code Impacts

No other industry codes are affected.

EU Code Impacts

There is no impact on any EU Code.

Central Systems Impacts

There is no impact on any central systems.

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.	Not applicable
Proposed charge(s) for application of User Pays charges to Shippers.	Not applicable
Proposed charge for inclusion in the Agency Charging Statement (ACS) – to be completed upon receipt of a cost estimate from Xoserve.	Not applicable

7 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

This Modification facilitates GT Licence relevant objective f) by providing absolute clarity in the UNC regarding the manner in which NGG and NGGDL will issue Transportation Invoices to Shipper Users in the period following PNID.

8 Implementation

As self-governance procedures are proposed, implementation could be sixteen business days after a Modification Panel decision to implement, subject to no Appeal being raised. However, it is proposed that this Modification be implemented to become effective on the PNID.

9 Legal Text

Text Commentary

To follow

Text

Draft proposed legal text

UNIFORM NETWORK CODE

TRANSITION DOCUMENT

Add new text to read as follows:

PART IIG – TRANSITIONAL NGGD INVOICING

1 General

1.1 This Part IIG sets out transitional rules in respect of TPD Section S in relation to the invoicing of certain Transportation Charges by NGGD and National Grid NTS which apply in respect of a relevant Billing Period.

1.2 For the purposes of this Part IIG:

- (a) "Distribution Amount" is an Invoice Amount which represents a Transportation Charge payable by a User to NGGD or payable by NGGD to a User;
- (b) "NGGD" means National Grid Gas Distribution Limited (company number 10080864);
- (c) "relevant Billing Period" is a Billing Period, the first day of which commences:
 - (i) on or after the Project Nexus Implementation Date; and
 - (ii) no later than the date specified in the notice given by NGGD to Users (which date shall be not less than [] Business Days following the giving of such notice);
- (d) "Transmission Amount" is an Invoice Amount which represents a Transportation Charge payable by a User to National Grid NTS or payable by National Grid NTS to a User.

2 Ancillary Invoices

2.1 In respect of a relevant Billing Period:

- (a) NGGD may submit an Invoice Document to a User which contains:
 - (i) Transmission Amounts and Distribution Amounts;
 - (ii) Transmission Amounts only;("relevant Invoice");
- (b) NGGD and National Grid NTS may submit an Ancillary Invoice which includes amounts which, [but for this Part IIG], would be required to be included in a:
 - (i) a Commodity Invoice
 - (ii) an LDZ Capacity Invoice;
 - (iii) a Balancing Invoice; or
 - (iv) an Amendment Invoice;

- (c) where NGGD submits a relevant Invoice to a User NGGD shall [at the same time] submit to the User an Ancillary Invoice which contains an Invoice Credit in respect of each Transmission Amount contained in the relevant Invoice Document ("Ancillary D Invoice")
- (d) where NGGD submits an Ancillary D Invoice to a User National Grid NTS shall [at the same time] submit to the User an Ancillary Invoice which contains identical Transmission Amounts to those contained in the relevant Invoice Document submitted by NGGD ("Ancillary T Invoice");
- (e) NGGD and National Grid shall ensure for each Ancillary D Invoice and Ancillary T Invoice, it is submitted such that:
 - (i) it is submitted at the same time as the related relevant Invoice, [being such time as the relevant Invoice is to be submitted to the User for the purposes of TPD Section S1.4];
 - (ii) the Invoice Due Date of the Ancillary D Invoice and Ancillary T Invoice is the same as the Invoice Due Date of the related relevant Invoice.

2.2 Each relevant Invoice shall be accompanied by such supporting data as is specified under TPD Section S1.3.4; provided National Grid NTS shall not be required to provide the same supporting data (in relation to relevant Transmission Amounts) when submitting an Ancillary T Invoice.

2.3 Ancillary Invoices submitted pursuant to this Part IIG shall not contain any amount referred to in TPD Section S2.4.3, 2.4.4, 2.4.5 or 2.4.6.

2.4 TPD Section S2.5.2 [and 2.5.3] shall not apply to an Ancillary Invoice submitted pursuant to this Part IIG.

2.5 For the avoidance of doubt, nothing in this Part IIG shall prevent NGGD or National Grid from issuing a Set off Notice in relation to a relevant Invoice or an Ancillary T Invoice.

3 TPD Section S: Invoice Queries

3.1 [A User may not notify NGGD of an Invoice Query in relation to a Transmission Amount included in a relevant Invoice; but without prejudice to the right of the User to raise an Invoice Query in respect of a Transmission Amount included in an Ancillary T Invoice.]

4 Confidentiality

4.1 [In respect of the disclosure of Protected Information by National Grid NTS to NGGD for the purposes of this Part IIG and the submission by NGGD of relevant Invoices and Ancillary D Invoices:

- (a) each User acknowledges that TPD Section V5.1.1(a) applies;
- (b) National Grid NTS and NGGD each acknowledge the requirements under TPD Section S5.4 is in respect of such permitted disclosure of Protected Information.]

5 Value at Risk

5.1 For the avoidance of doubt, and for the purposes of determining NGGD's Value at Risk on any Day in a relevant Billing Period, the aggregate amount invoiced to a User shall be net of all [credit amounts] invoiced under an Ancillary D Invoice.

10 Recommendations

Proposer's Recommendation to Panel

Panel is asked to:

- Agree that self-governance procedures should apply
- Refer this proposal to a Workgroup for assessment

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