

National Grid Gas plc & National Grid Gas Distribution Limited

Introduction to Modification 0606

National Grid Gas plc and National Grid Gas Distribution Limited transitional invoicing arrangement post Project Nexus implementation

15th December 2016

Why change?

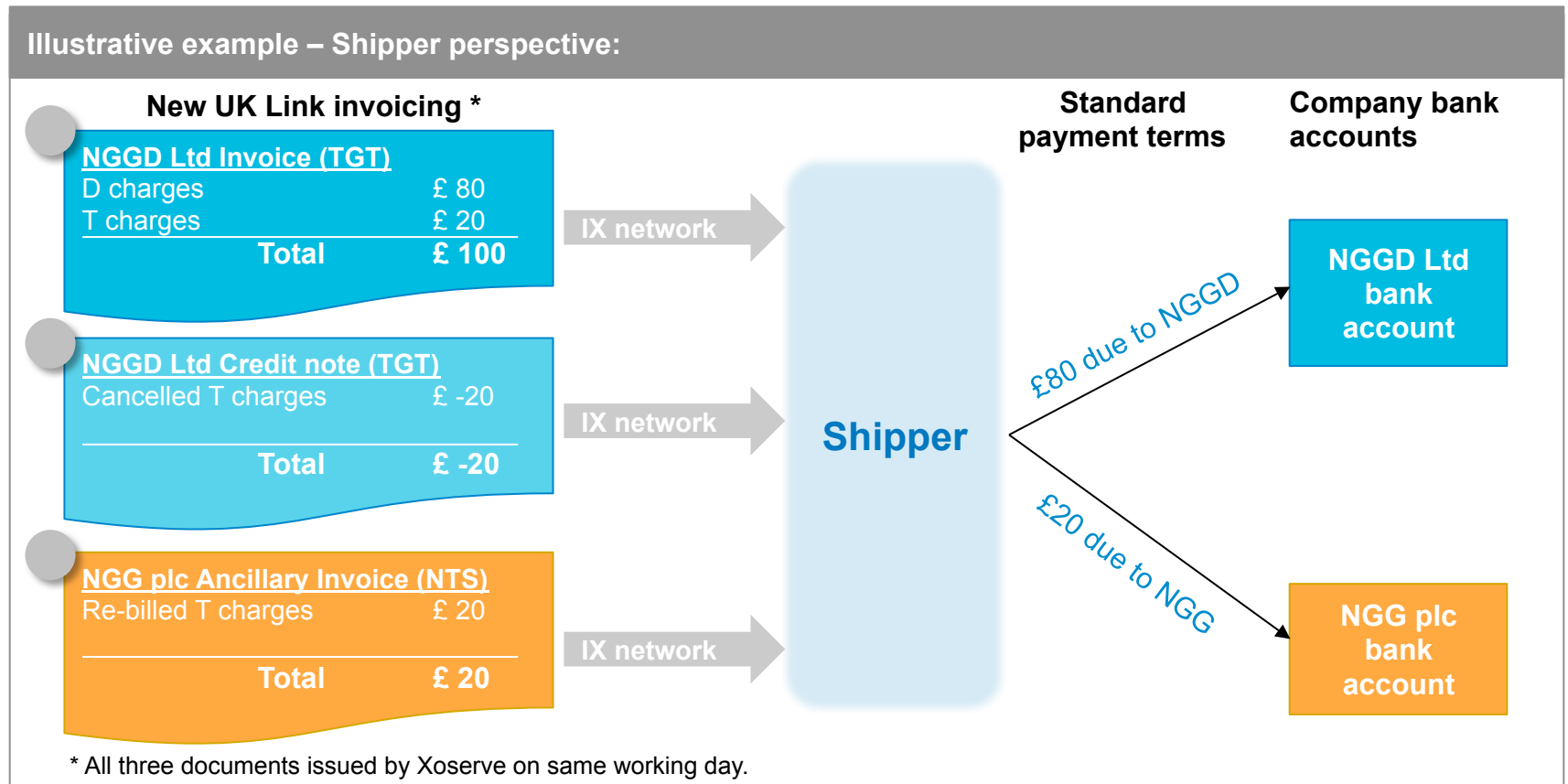
- Since 1st October 2016, National Grid Gas Plc and National Grid Gas Distribution Ltd are now separate companies.
- Mod 0592s was notified as lapsing on 31st December which means from 1st January, NGG Plc will invoice for Transmission charges (under short code NTS) and NGGD Ltd will invoice for Distribution charges (under short code TGT).
- Shippers' credit security/sureties will be fully separated from 1st January 2017 and are not foreseen as subject to any further changes
- Whilst National Grid were expectant that fully separated invoicing would continue post-Nexus implementation, Xoserve recently advised that New UK Link is under a change freeze which prevents any system changes prior to PNID.

Solution:

- Once New UK Link goes live, certain transportation invoices issued by NGGD will contain NTS charges. For these invoices a same-day credit note will cancel this portion of the invoice, and an NTS invoice will be issued to Shippers.
- UNC modification 0606 is being proposed to facilitate this change, referred to as 'Transmission rebilling'
- Mod 0606 is required to be in force until the New UK Link system can be updated (timing subject to Industry discussion and post-Go Live system release timetable).

Solution: illustrating the Transmission Re-billing approach

- A proportion of Distribution and Transmission transportation charges are issued to Shippers on an NGGD invoice (against short code TGT)
- The T charges are cancelled by an NGGD credit note. The Shipper nets off the credit note against the invoice and pays the net Distribution charge to NGGD when it falls due
- An NGG invoice (against short code NTS) is issued which the Shipper pays to NGG when it falls due



Solution: Industry impacts

- **Preserves the Project Nexus implementation plan:** Transmission Re-billing does not impact the delivery of Project Nexus and does not require further system testing with Shippers
- **Same-day processing:** Xoserve will issue the original combined TGT invoice, associated credit note and re-billed NTS invoice to Shippers on the same day
- **Credit notes and re-invoice:** approximately 12 additional documents per month will be sent to Shippers (depending on which invoices you receive)
- **Reconciliation of credit notes to invoices:** Each TGT credit note will reference the TGT invoice to which it relates.
- **Invoice validation:** expected to be able to be performed by Shippers exactly as is the case today.
- **Supporting information:** Xoserve will provide this to Shippers for all transportation charges which are invoiced, as is the case today.

Recommended Steps

- The Proposer recommends that this modification should be:
 - Subject to Self Governance; and
 - Assessed by Workgroup for 2 months and report back to March 2017 Modification Panel
- A Frequently Asked Questions document will be provided to help address any issues regarding clarification