

**UNC Workgroup 0580S Minutes
Implementation of Non Effective Days to enable Annual AQ Review
(independent of Nexus transition)**

Tuesday 12 July 2016

Consort House, 6 Homer Road, Solihull B91 3QQ

Attendees

Les Jenkins (Chair)	(LJ)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Andrew Margan*	(AM)	British Gas
Andy Clasper	(AC)	National Grid Distribution
Bobbie Gallacher*	(BG)	ScottishPower
Colette Baldwin	(CB)	E.ON
David Addison	(DA)	Xoserve
Edd Hunter	(EH)	RWE npower
Emma Lyndon	(EL)	Xoserve
Hilary Chapman*	(HC)	Scotia Gas Networks
Jaimie Simpson*	(JS)	Engie
Kristian Pilling*	(KP)	SSE
Mark Jones*	(MJ)	SSE
Michele Downes	(MD)	Xoserve
Naomi Nathanael	(NN)	Plus Shipping
Phil Lucas	(PL)	National Grid NTS
Steve Mulinganie	(SM)	Gazprom

**via teleconference*

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0580/120716>

The Workgroup Report is due to be presented at the UNC Modification Panel by 21 July 2016.

1.0 Introduction

LJ explained that following the June UNC Modification Panel's appraisal of the Final Modification Report and the consultation responses, the Panel considered that new issues had been identified and the Workgroup had been requested to make a re-assessment and provide a supplemental report.

2.0 Consideration of New Issues identified in the Consultation

The Workgroup was therefore asked to consider the following points:

- (a) Make a recommendation as to the number of non effective days that should be proposed should the Project Nexus Implementation Date be changed; and
- (b) Should a variation to the Solution be proposed, provide a recommendation on whether it should be considered material or non-material.

In response to point (a), HC outlined the current thinking regarding the number of non-effective days required following the decision to defer the Project Nexus Implementation Date, and advised that the modification as drafted now required revision.

SM believed it should revert to 4 days, however he was conscious that Ofgem's previously stated view (at a recent UNC Modification Panel meeting) was that this process should be treated as 'business as usual', and that even this reduction in the number of days may not be supported.

Recognising the concerns engendered by Ofgem's comments, i.e. why were non-effective days needed at all, DA had discussed the requirements with Ofgem, explaining that because of Faster Switching there had been a loss of five Business Days of certainty. While in 'business as usual' phases these could be accommodated, but this was not the case at AQ time; other minor justifications were also put forward in support of the requirements. SM reiterated his concern that Ofgem may call in the modification and reject it.

Responding to questions, DA described the time pressures relating to WALPs and identification of the right Shipper and AQ so that the correct information can be passed into Gemini, and explained in more detail the timescales available to perform the necessary activities. Data latency was explained and discussed. The key aspect was making sure that on 30 September, when doing the deemed attribution in Gemini, Xoserve had the correct data in place and was able to send the right signals to the gas market; this was the driver for the non-effective days.

It was observed that last year Xoserve had only required two non-effective days - why were four now contemplated to be necessary? DA described what had happened in the previous year, how the days fell, and noting there was no contingency within that timescale - four days would provide leeway. DA added, that had it not been for 2016 being a leap year, then three days would have been requested rather than four, and went on to explain how a leap year affected the weekend dates later in a year.

He affirmed that four days rather than three were definitely required, and that following discussions he was comfortable that Ofgem's provisional view had been ameliorated.

In response to point (b), in recognition of the issues identified in the consultation, Scotia Gas Networks proposed a variation to the modification, and had prepared a draft Variation Request and a draft amended Modification (illustrating the changes that would be required as a result of the variation) for consideration by the Workgroup.

The Workgroup reviewed the proposed changes, and LJ described the process that would be followed when a variation to a modification was put forward to the Panel.

LJ explained that the Panel would consider the Variation Request for Modification 0580S and determine if the Variation Request is material or not.

If it is considered not to be a material change, the new modification (then re-designated as 0580V) will continue from the point in the Modification Rules reached by Modification 0580S, i.e. the Panel will accept the FMR including the Supplemental Workgroup Report and then determine whether to implement the varied modification.

If however the Panel determines the Variation Request to be material, the Panel may decide to send the Varied Modification back to the Workgroup for further assessment or request a second consultation. (In either case, Modification 0580S is considered to be formally withdrawn and replaced by new Modification 0580V, and Panel will also consider the status of 0580V and whether it should be treated as self-governance or not.)

3.0 Supplemental Workgroup Report

The Workgroup concluded that the changes proposed were immaterial.

The Workgroup did not form a firm conclusion regarding the status of self-governance and was satisfied to leave this to the discretion of the Proposer when revising the Modification.

The Workgroup agreed to recommend the proposed variation to the UNC Modification Panel.

The Workgroup recommended that:

- (a) The number of non-effective days should be amended to the required four (4) days
- (b) The resulting Variation should be considered as non-material, being a beneficial change on the basis that there is a reduction in the number of non-effective days from those currently contemplated under Modification 0580S.

The Workgroup asked the UNC Modification Panel to note that industry parties require a decision to be made in a timely manner, to ensure that appropriate plans can be put in place and enacted to ensure that consumers who are switching Suppliers are not adversely impacted over the period in question.

The Workgroup Report was then finalised.

4.0 Next Steps

HC will provide a formal Variation Request and an amended modification for submission to the July UNC Modification Panel.

HC thanked all Workgroup participants for their valued contributions to the development of the modification.

The Workgroup's supplemental report will be included in the revised Final Modification Report 0580S and submitted to the July UNC Modification Panel for its consideration, along with the formal Variation Request for 0580S.

5.0 Diary Planning

No further meetings are planned.