

# 0524:

## Enabling the Use of Pre Nexus Meter Reads for the purposes of Post Nexus Rolling AQ Calculation

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

A fundamental principle of Project Nexus is that Reads are validated to the relevant standard before they can be used. The industry has expressed a desire to utilise reads provided prior to post Nexus level Validation being introduced (Pre Nexus) for the purposes of enabling a post Nexus process i.e. the future calculation of Rolling AQ. We believe it is appropriate that any Pre Nexus reads used for the Post Nexus Rolling AQ process are subject to post Nexus level validation.



The Proposer recommends that this modification should:

- not be subject to self-governance; and
- be assessed by a Workgroup.











High Impact:



Medium Impact:



Low Impact:

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<b>About this document:</b>		 01926 653541
This modification will be presented by the proposer to the panel on 19 February 2015		Systems Provider: <b>Xoserve</b>
The panel will consider the proposer's recommendation and agree whether this modification should be:		 <a href="mailto:commercial.enquiries@xoserve.com">commercial.enquiries@xoserve.com</a>
<ul style="list-style-type: none"> <li>Referred to a workgroup for assessment.</li> </ul>		
The Proposer recommends the following timetable:		
Initial consideration by Workgroup	10 March 2015	
Workgroup Report presented to Panel	21 May 2015	
Draft Modification Report issued for consultation	21 May 2015	
Consultation Close-out for representations	11 June 2015	
Final Modification Report presented to Panel	18 June 2015	
UNC Modification Panel decision	18 June 2015	

# 1 Summary

## Is this a Self-Governance Modification?

This is not considered to be a Self-Governance modification because it is expected to have a material impact on the commercial activities connected with shipping gas.

## Is this a Fast Track Self-Governance Modification?

Fast Track procedures do not apply because it is not a housekeeping modification.

## Why Change?

A fundamental principle of Project Nexus is that Reads are validated to the relevant standard before they can be used. Rolling AQ is a Post-Nexus process that relies on valid reads held within central systems. The industry has expressed a desire to utilise reads provided prior to the Go-Live date of Nexus (Pre-Nexus) and hence prior to post-Nexus level Validation being introduced, for the purposes of enabling a Post-Nexus process i.e. the future calculation of Rolling AQ. We believe it is appropriate that any Pre-Nexus reads used for the Post-Nexus prospective Rolling AQ process are subject to post Nexus level validation.

## Solution

It is proposed to insert transitional requirements into the UNC to ensure that any reads transferred from existing systems, therefore received ahead of the Nexus Go-Live date, are validated using the Post-Nexus rules implemented under Modification 0432: Project Nexus – Gas Demand Estimation, Allocation, Settlement and Reconciliation reform.

## Relevant Objectives

We believe the proposal ensures that the appropriate protection afforded to industry parties under the Post-Nexus arrangements when calculating a Rolling AQ are maintained when allowing historic meter reads (Pre Nexus) to be used to a post Nexus calculation of Rolling AQ. We therefore believe the proposal is positive in respect of (d): Securing of Effective Competition between Shippers.

## Implementation

We would expect this proposal to be implemented in line with Project Nexus Go Live and the validation activity could form part of the wider Nexus Data Cleansing activities being co-ordinated by Xoserve.

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

Yes. The functionality necessary to conduct the validation should be built and deployed as part of Project Nexus implementation. It should be noted that the validation of reads is already being deployed as part of Project Nexus.

## 2 Why Change?

The introduction of Project Nexus delivers a number of improvements including the introduction of a rolling AQ calculation, which will support the recalculation of the Annual Quantity on a monthly basis. This enduring functionality will replace the need for the Annual AQ review process. Recognising that AQ's will become more dynamic and to avoid spurious reads being able to contaminate the AQ calculation Nexus has also introduced read validation. The prudent protection that read validation introduces provides assurance to all market participants that the rolling AQ process is robust. Due to the requirement of the rolling AQ process for a number of reads to be available to enable the process and to avoid delaying the benefits that a rolling AQ regime delivers it is proposed to use historic (Pre-Nexus) read data to "pre populate" the rolling AQ process. This proposal offers the opportunity to enable rolling AQ as soon as reasonable practicable and deliver the benefits of a rolling AQ earlier than if a Post-Nexus read history needed to be accumulated. Whilst we support this approach in principle will believe that the protections afforded by the Post-Nexus read validation process should not and need not be set aside in respect of Pre-Nexus reads. Our proposal enables the use of Pre-Nexus reads for the purpose of enabling early use of the Post Nexus rolling AQ calculation subject to the application of Post-Nexus read validation. The functionality to support these arrangements should, we believe, be readily available as part of the existing Nexus rollout and the validation of these reads could form part of the broader data cleansing exercise being undertaken to provide industry assurance.

A fundamental principle of Project Nexus is that Reads are validated to the relevant standard before they can be used. Rolling AQ is a Post-Nexus process that relies on valid reads held within central systems. The industry has expressed a desire to utilise reads provided prior to the Go-Live date of Nexus (Pre-Nexus) and hence prior to post-Nexus level Validation being introduced, for the purposes of enabling a Post-Nexus process i.e. the future calculation of Rolling AQ. We believe it is appropriate that any Pre-Nexus reads used for the Post-Nexus prospective Rolling AQ process are subject to post Nexus level validation.

## 3 Solution

It is proposed to insert transitional requirements into the UNC to ensure that any reads transferred from existing systems, therefore received ahead of the Nexus Go-Live date, are validated using the post-Nexus rules implemented under Modification 0432: Project Nexus – Gas Demand Estimation, Allocation, Settlement and Reconciliation reform. For the avoidance of doubt, this change will require Transporters to perform the validation described in Modification 0432.

### User Pays

Classification of the modification as User Pays, or not, and the justification for such classification.

It is anticipated that a new User Pays service may be created by the implementation of this modification since it was not part of the original functional specification of Project Nexus.

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.

Users with Supply Points transferring into the new system would benefit from this change and costs would be recharged on the basis of [pro-rata to supply points at the Go-Live date?].

Proposed charge(s) for application of User Pays charges to Shippers.	<i>To be confirmed</i>
Proposed charge for inclusion in the Agency Charging Statement (ACS) – to be completed upon receipt of a cost estimate from Xoserve.	<i>To be confirmed</i>

## 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 (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

We believe the proposal ensures that the protection afforded to industry parties under the post Nexus arrangements when calculating a rolling AQ are maintained when allowing historic meter reads (Pre Nexus) to be used to a post Nexus calculation of Rolling AQ. We therefore believe the proposal is positive in respect of (d): Securing of Effective Competition between Shippers.

## 5 Implementation

We would expect this proposal to be implemented in line with Project Nexus Go Live and the validation activity could form part of the wider Nexus Data Cleansing activities being co-ordinated by Xoserve.

## 6 Impacts

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

Yes. The functionality necessary to conduct the validation should be built and deployed as part of Project Nexus implementation. It should be noted that the validation of reads is already being deployed as part of Project Nexus.

## 7 Legal Text

To be developed as part of the Workgroup assessment.

## 8 Recommendation

The Proposer invites the Panel to:

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