

0479S 0479A:

Inclusion of email as a valid UNC communication

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

These modifications would allow email as a valid form of UNC communication in specific circumstances.



The Workgroup recommends that these modifications should be returned to Workgroup for further assessment.



High Impact:



Medium Impact:
[UNC Parties]



Low Impact:
[DNOs, Users]

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About this document:		 0113 397 5326
This report will be presented to the panel on 18 December 2014.		Systems Provider: Xoserve
The panel will consider whether the modification should proceed to consultation or be returned to the workgroup for further assessment.		 commercial.enquiries@xoserve.com
The Workgroup recommends the following timetable: <i>(delete as appropriate)</i>		Additional contacts: Joanna Ferguson
Initial consideration by Workgroup	18 March 2014	 jferguson@northerngas.co.uk
Amended Modification considered by Workgroup	05 November 2014	 0113 397 5323
Workgroup Report presented to Panel (extension requested)	18 December 2014	
Workgroup Report presented to Panel	19 March 2015	
Draft Modification Report issued for consultation	20 March 2015	
Consultation Close-out for representations	24 April 2015	
Variation Request presented to Panel	N/A	
Final Modification Report presented to Panel	21 May 2015	
UNC Modification Panel decision	21 May 2015	

1 Summary

Is this a Self-Governance Modification?

The Modification Panel determined that the criteria for Self-Governance are met for 0479S as this modification is not expected to have a material impact on competition, consumers, the operation of gas networks or the Modification Rules. However, the Modification Panel determined that the criteria for Self-Governance are not met for 0479A as this modification is expected to have a material impact on competition, the operation of gas networks or the Modification Rules

Why Change?

At the time of the implementation of the original Network Code in 1995, fax was a more common form of business communication while email was in its infancy. Since then email has superseded fax as a more efficient and common form of business communication but remains disallowed as an official form of UNC communication in most circumstances, despite all relevant parties using it across other aspects of their business.

A number of Modification Proposals both in the Gas and Electricity markets have allowed limited use of email communications in specific circumstances, specifically UNC Modification Proposal 033, 'Notification to Users of Emergency Incidents – Impacts on Code Communications' and Balancing and Settlement Code Modification Proposals P113, 'Email Communication under the Code' and P159, 'Extending the Scope of E-mail Communications under the Code'.

Since these proposals there has been little expansion of the use of email as an allowable code communication in the Gas Industry despite its widespread use in daily communication both with internal and external parties.

Given the prevalence of email communication today there is no reason why such communications should not be allowed via email in suitable circumstances.

[Modification 0479S has been raised to to introduce more formal requirements in the UNC for the use of email by UNC parties, however the alternative 0479A has been raised to provide more robust rules.](#)

Solution

0479S proposes to amend the UNC to allow e-mail as a valid communication notice alongside post and facsimile.

Additional minor changes to the UNC regarding contact details have been identified and amended to include e-mail. These have been included in the legal text. Changes to UK Link and Contingency arrangements are not within the scope of this proposal.

[0479A proposes the UNC is amended to allow e-mail as a valid form of communication. However, that email only be allowed where there is prior election/agreement by both parties to email communication for specific communications. It is proposed that business rules are included to ensure that appropriate assurance is in place to be satisfied that communication between parties has been successfully achieved.](#)

Relevant Objectives

Implementation of this Modification Proposal would further Special Condition A11.1 (f), the promotion of efficiency in the implementation and administration of the Code as it implements existing best practise regarding the inclusion of email as a communication format across the industry.

Implementation

As self-governance procedures are proposed, implementation could be 16 business days after a Modification Panel decision to implement.

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

Project Nexus systems are being built with requirements to allow the use of email for certain Code communications and implementation of one these modifications would facilitate delivery.

2 Why Change?

Email has superseded fax as a more efficient and common form of business communication but remains disallowed as an official form of UNC communication, despite all relevant parties using it across other aspects of their business.

There can also be issues concerning the reliability of faxes and a follow up phone call to confirm receipt is often required. Emails avoid this scenario with reliable notification systems and a 'bounce back' system if the email fails to send correctly. Emails are also quicker to receive, create and send. Cost effective storage systems exist to efficiently archive emails for quick recovery, which many businesses have in place already, while faxes have to be stored manually at extra cost both in terms of storage space and the time taken to manually recover any necessary documents.

UNC Modification Proposal 033, 'Notification to Users of Emergency Incidents – Impacts on Code Communications', extended allowable forms of communication to include internet and email to aid Transporters in complying with the provisions detailed within the Shipper Incident Communication Procedure (SICP) and was implemented in 2005.

Arguments in favour of allowing internet and email communication included 'improved operational efficiencies', 'real-time updates to Users' and 'improved quality of information'. These arguments could apply to other scenarios where email communication may be of benefit.

Ofgem's decision letter stated their support for 'the use of internet and email facilities where they bring efficient gains'. They also stated their expectation that appropriate levels of security would be put in place regarding internet and email security and we would expect this to also apply wherever email communications were allowed as a result of this proposal being implemented.

In the Electricity Market, Modification Proposal P113, 'Email Communication under the Code'¹ allowed general communication given by the Balancing and Settlement Code Committee (BSCCo) to all parties simultaneously to be sent by email.

Ofgem's decision letter stated that where it is used for general notices, email had 'demonstrated itself to be as reliable as postal or facsimile distribution methods, while delivering significant gains in administrative efficiency' and the proposal was implemented in 2003.

¹ <http://www.elexon.co.uk/mod-proposal/p113-email-communications-under-the-code/>

In 2004 a further e-mail Modification Proposal was raised, P159, 'Extending the Scope of E-mail Communications under the Code'². This extended the use of email to all code communications except where explicitly stated and introduced further deeming rules on the sending and receiving of emails.

Ofgem's decision letter supported the use of deemed receipt, referring to the existing deemed receipt rules for communication sent by first class post. It also stated that implementation of the proposal would permit 'the use of an efficient and cost-effective method of communication'.

Over the past couple of years a number of situations have arisen where the use of email as an allowable code communication may have resulted in better processes.

At the 6 October 2011 Transmission Workgroup, Force Majeure and payment of Exit Charges was discussed as a Workgroup Issue. The use of fax as a code communication was questioned due to its reliability and the potential use of email was raised as an alternative.

Several sections of the UNC have been identified that could be improved by the inclusion of email as an allowable form of communication, specifically UNC TPD S3.4.5 and V3.4.7.

Where formal communication grants rights or imposes obligations on parties, the deemed sending/receipt for email communication is not sufficient to bind the parties contractually and it is important that the network code reflects the necessary safeguards needed to ensure that there is the "meeting of minds" in the evolution of that contractual relationship between the parties.

The rules need to reflect the ability of the parties to communicate and recognise that there are some technical challenges that interrupt the instantaneous communication that emails offer, for example some email systems are set up such that they automatically return emails if they detect what they believe to be a virus/Trojan horse/spyware.

3 Solution

Modification 0479S

Proposes to amend General Terms B of the UNC to allow e-mail as a valid communication notice alongside post and facsimile. This includes amending 5.1.1 (c) to allow e-mail to be defined in paragraph 5.2, a 'deeming' rule to determine when an e-mail is deemed received and the mirroring of UNC General Terms B5.2.6 (a), which refers to notices sent by facsimile being re-sent upon request by the recipient Party, for e-mail.

We have also included a stipulation in UNC TPD U1.2 that the UK Link Committee must notify the UNC Committee when an entry to the UK Link Manual is inserted or the allowed communication method is amended.

As a consequence the Terms of Reference for the UK Link Committee (UKLC) will require updating and we have included a proposed amended version in the Appendix for reference. This will be sent to the UNC Committee for discussion if this Modification Proposal is implemented.

² <http://www.elexon.co.uk/mod-proposal/p159-extending-the-scope-of-e-mail-communications-under-the-code/>

Additional minor changes to the UNC regarding contact details have been identified and amended to include e-mail, including the addition of an e-mail address as part of the requested contact details in UNC TPD S3.4, V2.1 and V3.4. These have been included in the legal text.

Included in the Appendix for discussion and context are proposed changes to the allowed communications of entries in the UK Link Manual Appendix 5B to take to the UKLC for discussion and implementation.

For clarification, changes to communications made by UK Link and for Contingency arrangements are not within the scope of this proposal. Changes to the UK Link Manual are made by the UKLC are not within the scope of this Modification Proposal and the proposed changes in the Appendix are included for clarity and to aid discussion.

For information, the UNC defines a 'Conventional' notice as the communications defined under UNC General Terms B5.2. The legal text outlines changes to this section to include e-mail as a valid code communication. To avoid a situation whereby upon implementation all notices listed in the UK Link Manual as 'Conventional' allow e-mail, the UK Link Committee will prepare the UK Link Manual for implementation of this proposal.

In the UK Link Manual, wherever the 'Means' column in Appendix 5b of the UK Link manual states 'C' for Conventional notice, the 'Form' column should list the specific type of Conventional notice to be allowed. This allows the UKLC greater granularity in determining appropriate communications for notices, even within the Conventional definition. For instance, you could have a Conventional notice that the 'Form' column allows as Delivery/Post or a Conventional notice that the 'Form' column allows as Post/Fax. Once this is done and this Modification Proposal is implemented, it will allow the UKLC to add 'E' for e-mail to the 'Form' column of any notice they consider suitable for e-mail.

As an example, V2.1.2 (a), 'Submit application to become a User', is currently listed as a 'Conventional' notice in the 'Means' column in the UK Link manual (cf Appendix 2). If the Modification is approved, the UKLC should update the 'Form' column to specify what type of conventional notice is allowed, e.g. 'D/P/F' for Delivery/Post/Fax. When the Modification Proposal is implemented the UK Link Committee can then meet and include 'E' for e-mail if they believe that it would be an appropriate communication for e-mail.

This approach will allow the UK Link Committee to judge each notice on its merits when deciding whether e-mail should be an allowable communication for that notice and provide for further discussion in that committee.

For information, we will also propose the UK Link Committee considers publishing Appendix 5b separate from the rest of the UK Link Manual to make it easier to maintain and update.

Modification 0479A

In light of Ofgem's comments in their former decision documents we propose therefore to amend General Terms B of the UNC to allow e-mail as a valid communication notice alongside post and facsimile and that appropriate business rules are developed that address:

- What can be communicated by email and how that is agreed
- How consent to receive and send email communication is established and maintained
- Determining whether communication has been achieved and setting out obligations to manage "Non-delivery" notices
- How UK Link manages changes to Appendix 5B

Draft Business Rules

Agee what may be communicated by email

1. One Party to have the right to propose the use of email for specific purposes. Email will only be applicable if the other party agrees to the proposal.
2. UK Link Communications are excluded from this modification.
3. Transporters to request confirmation of valid relevant email addresses from Registered Users on implementation and in future as new Users accede to the code
4. Transporters to create and update a register of Registered Users email preferences and valid email addresses.

Maintain communication options data

1. A Code Communication User will be responsible for being the primary person to contact to resolve communication failures.
2. Registered Users to provide 20 days' notice of any changes of email address to the Transporters which will be updated by the Transporter within 5 business days of receipt.
3. Transporters to provide 20 days' notice of any changes of email address to the Registered Users which will then be updated by the User within 5 business days of receipt.

Has Communication Happened?

1. For clarity...an e-mail must "reach" the addressee. This means it must have been delivered and accepted on to the addressee's server. For the avoidance of doubt, this does not require the addressee to have retrieved or read the communication – unless that express requirement is agreed in advance by both parties; it does mean the sender must have used the valid email address as provided by the recipient for that communication type. (It is within the addressee's "sphere of influence" to provide for adequate means to ensure that their internal communication functions satisfactorily).
2. The email communication shall be deemed to have been received one hour after being sent in the absence of any non-delivery return receipt received by the sender during that period.
3. Any non-delivery notification received by the Sender must be acted upon by the Sender within 1 hour of receipt of the non-delivery notice. For the avoidance of doubt, non-delivery notifications will invalidate the deemed communication. If the communication attempts to confer rights or obligations, the Sender will contact the Registered User to resolve the non-delivery before resending.
4. If the time at which any notice or communication sent by e-mail is deemed to have been received falls after 1700 hours on a day, the notice or communication shall be deemed to have been received at the start of the next Business Day.
5. Where a notice is sent by e-mail, the Party giving the notice shall if requested by the recipient Party, resend as soon as reasonably practicable the notice by e-mail.

6. In the event of non-delivery notification being unresolved, deemed receipt (and any consequential actions) will only result from the 'official' post or fax versions of the communications. Since these exceptions should represent 'one-off' or rare communications, any inefficiency in continuing to issue these by post or fax will be minimal.

UK Link Communication Appendix 5B Impacts

1. UK Link Appendix 5B is to be brought up to date by the UK Link Committee to reflect current code communication channels within three months of the implementation of this modification.
2. The UK Link Committee is required to publish Appendix 5B separately from the rest of the UK Link Manual to make it easier to maintain and update.
3. The UK Link Committee must notify the UNC Committee when any changes are agreed by the UK Link Committee, either to insert a new entry or change an existing allowed communication method in to Appendix 5B.
4. The Terms of Reference for the UK Link Committee (UKLC) will require updating to reflect this changed requirement.

User Pays	
Classification of the modification as User Pays, or not, and the justification for such classification.	There are no anticipated costs to the implementation or operation of this proposal. 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.	N/A
Proposed charge(s) for application of User Pays charges to Shippers.	N/A
Proposed charge for inclusion in the Agency Charging Statement (ACS) – to be completed upon receipt of a cost estimate from Xoserve.	N/A

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.	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

Implementation of either Modification 0479S or 0479A would further Special Condition A11.1 (f), the promotion of efficiency in the implementation and administration of the Code as it implements existing best practise regarding email use across the industry.

5 Implementation

There are no anticipated costs to the implementation of this Modification Proposal.

0479S - As self-governance procedures are proposed for implementation could be 16 business days after a Modification Panel decision to implement.

0479A – it is proposed that implementation should be at least six months after a Modification Panel decision to implement if there are any system changes required, otherwise at least two months following Modification Panel decision to implement.

[As the modification will not be implemented until mid-October at the earliest, This will allow the UK Link Committee to meet and update the UK Link manual in preparation for the implementation of this Modification Proposal.]

6 Impacts

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

Yes, see below.

Project Nexus Implementation

Project Nexus systems are being built with requirements to allow the use of email for certain Code communications and implementation of one these modifications would facilitate delivery.

7 Legal Text

While the Proposer is welcome to put forward suggested legal text, formal legal text and commentary will be provided by the Transporters when requested to do so by the Modification Panel.

If this is a proposed Fast Track Self-Governance modification then legal drafting and commentary must be provided.

Text Commentary

In support of the legal text provided, the legal representative shall provide a plain English explanatory note setting out the approach taken to converting the Solution into legal text, illustrating how the legal text delivers the intent of the Solution.

Insert text here

Text 0479S

The following Text has been prepared by Northern Gas Networks at the request of the Modification Panel.

GENERAL TERMS

SECTION B – GENERAL

5 NOTICES AND COMMUNICATIONS

5.1 General

5.1.1 The Code contemplates that Code Communications and Offtake Communications (collectively "Communications") may be given by the following means:

- (a) (in the case of Code Communications) by UK Link Communication, in accordance with TPD Section U;
- (b) (in the case of Offtake Communications) by the relevant means specified in the Offtake Communications Document;

- (c) ~~by delivery or by post or facsimile or (in certain cases) by telephone in accordance with in the circumstances and manner prescribed in~~ paragraphs 5.2 and 5.3;
- (d) for the purposes of TPD Section V5.14.3 only, by such methods as set out in the Shipper Incident Communication Procedure; or
- (e) for the purposes of TPD Section G5.1.12 only, by such methods as set out therein.

5.2 Notices by delivery, post, **e-mail** or facsimile

- 5.2.1 References in this paragraph 5.2 to "a notice" are to any Communication or other notice or communication to be given by one Party to another under the Code, a Framework Agreement or an Ancillary Agreement or a Supplemental Agreement, other than one which is given as a UK Link Communication or by telephone or (as the case may be) by other means provided for in the Offtake Communications Document.
- 5.2.2 Any notice shall be in writing and shall be addressed to the recipient Party at the recipient Party's address, ~~or~~ facsimile number **or e-mail address** referred to in paragraph 5.2.3, and marked for the attention of the representative (identified by name or title) referred to in that paragraph, or to such other address, facsimile number **or e-mail address** and/or marked for the attention of such other representative as the recipient Party may from time to time specify by notice given in accordance with this paragraph 5.2 to the Party giving the notice.
- 5.2.3 The initial address, ~~or~~ facsimile number, **or e-mail address** of a Party and representative for whose attention notices are to be marked, shall be as specified by a User pursuant to TPD Section V2.1.2(a)(iii) or by the Transporter pursuant to TPD Section V2.2.2(a)(i).
- 5.2.4 Any notice given by delivery shall be given by letter delivered by hand, and any notice given by post shall be sent by first class prepaid post (airmail if overseas).
- 5.2.5 Any notice shall be deemed to have been received:
- (a) in the case of delivery by hand, when delivered; or
 - (b) in the case of first class prepaid post, on the second Day following the Day of posting (or, if sent airmail overseas or from overseas, on the fifth Day following the Day of posting); or
 - (c) in the case of facsimile, on acknowledgement by the recipient Party's facsimile receiving equipment; **or**
 - (d) in the case of e-mail, subject to 5.2.8, shall be deemed to have been received one hour after being sent in the absence of any undeliverable return receipt received by the sender during that period.**
- 5.2.6 Where a notice is sent by facsimile:
- (a) the Party giving the notice shall (but without prejudice to paragraph 5.2.5(c)) if requested by the recipient Party, resend as soon as reasonably practicable the notice by facsimile; and

- (b) in the case of a Termination Notice, the Transporter will in any event, within 2 Days following the sending of such facsimile, send to the recipient Party a copy of the notice by first class prepaid post (airmail if overseas).

5.2.7 A Party may specify different addresses or facsimile numbers and representatives pursuant to paragraph 5.2.2 for the purposes of notices of different kinds or relating to different matters.

5.2.8 If the time at which any notice or communication sent by e-mail is deemed to have been received falls after 1700 hours on a day, the notice or communication shall be deemed to have been received at the start of the next Business Day.

5.2.9 Where a notice is sent by e-mail, the Party giving the notice shall (but without prejudice to paragraph 5.2.5(d)) if requested by the recipient Party, resend as soon as reasonably practicable the notice by e-mail.

TRANSPORTATION PRINCIPAL DOCUMENT

SECTION S – INVOICING AND PAYMENT

3.4 Invoice and Payment

3.4.5 Where the Invoice Document number is not quoted (in accordance with paragraph 3.4.4) with any remittance made by or on behalf of a User, and no Invoice Remittance Advice corresponding to the remittance is submitted, the Transporter will endeavour to obtain the User's instructions (by telephone ~~or~~, facsimile or e-mail) as to the application thereof; but if it has not (by the Business Day following the Day of the remittance) obtained such instructions, the Transporter will apply the amount remitted to or towards Invoice Amount(s) in order of Invoice Due Date (the earliest first) and proportionately as between Invoice Amounts with the same Invoice Due Date, but applying such amount last to any Invoice Amounts which are subject to an Invoice Query.

SECTION U – UK LINK

1.2 Code Communications

- 1.2.1 A UK Link Communication given in accordance with this Section U shall be treated as an effective and valid Code Communication, and the Transporter and each User confirms that it intends and agrees that UK Link Communications shall have legal effect for the purposes of the Code.
- 1.2.2 The UK Link Manual specifies in respect of each Code Communication therein listed whether it is to be given as a UK Link Communication, by Conventional Notice, by e-mail, by facsimile or by telephone, and in some cases alternative such means by which it may be given; and (subject to paragraph 1.2.4 and GT Section B5.1.2) a Code Communication may only be given by the means so specified or (where alternative such means are specified) by one of such alternative means.
- 1.2.3 Where the Code or the UK Link Manual specifies the form and/or format of UK Link Communication by which a particular Code Communication is required to be given, that Code Communication may be given only in that form and/or that format.

- 1.2.4 In the event of certain failures (referred to in paragraph 6) of UK Link, Code Communications shall be (and are permitted to be) given in accordance with paragraph 6.
- 1.2.5 Where a Code Communication which is required to be given as a UK Link Communication (and is not permitted to be given by another means except pursuant to paragraph 1.2.4) is not given in accordance with the requirements of this Section U and the UK Link Manual, and as a result is not properly received by the intended recipient, it shall be deemed not to have been given and shall be of no effect.
- 1.2.6 The failure of a UK Link User or the Transporter to comply with a requirement that a Code Communication be given as a UK Link Communication, or as to the form or format in which such UK Link Communication is to be given, shall not of itself be a breach of the Code (but without prejudice to paragraph 1.2.5 or to any breach which may result from the failure to give the Code Communication).
- 1.2.7 Where the UK Link Committee considers and revises from time to time the means by which a Code Communication may be given as set out in the UK Link Manual it shall notify the UNC Committee within a reasonable period of those changes.

SECTION V – GENERAL

2.1 Admission Requirements

2.1.2 The requirements referred to in paragraph 2.1.1(a) are as follows:

- (a) the Applicant User shall have applied to the Transporter, in such form as the Transporters may from time to time prescribe, giving the following details:
 - (i) the name of the Applicant User;
 - (ii) the legal nature of the Applicant User, and where the Applicant User is not a company incorporated under the Companies Act 1985 (as amended), such further information concerning the constitution of the Applicant User as the Transporter may reasonably require;
 - (iii) the postal and e-mail address and telephone and facsimile numbers of the Applicant User, and the individual for whose attention notice is to be marked, for the purposes of notice under GT Section B5.2.3 and B5.3.1;
 - (iv) where the Applicant User is not a company incorporated under the Companies Act 1985 (as amended), an address for service in accordance with paragraph GT Section B6.6.3;

3.4 Surety or Security under Code

3.4.7 Each User shall provide to the Transporter:

- (a) a single telephone number, a single address, a single e-mail address and a single facsimile number by means of which the Transporter may contact a representative of the User for any purpose pursuant to Transportation Charges in connection with Section V3 and/or V4; and
- (b) the name(s) or title(s) of the User's representatives who may be contacted at such numbers and address; and

- (c) such User shall inform the Transporter where there are any amendments to the details provided pursuant to this section V3.4.7.

8 Recommendation

The Workgroup invites the Panel to:

- AGREE that these modifications should be returned to Workgroup with sufficient time to complete the assessment of both modifications and their associated Legal Text. The Workgroup would prefer if the reporting date were extended to March 2015.

The Workgroup notes that the proposer of 0479A and the Transporters Agent have agreed to meet to discuss the proposed business rules, so that these can be finalised to allow the production of Legal Text and any associated costs estimates. However, the proposer of 0479S would prefer if these modifications were decoupled, as they believe they can be developed and implemented sequentially, although there was no consensus to support this approach within the Workgroup.