

# 0531:

## Provision of an Industry User Test System

01	Modification
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This modification seeks to put an obligation on the Transporters to provide a testing system and regime that will provide flexibility to Users to support their testing requirements for changes post Project Nexus go live. This will enable all parties to gain confidence that changes to their systems identified post Nexus go live will not have any detrimental impacts to the new systems implemented under Project Nexus. Future testing requirements post Nexus go live will be placed under the control of the UK Link Committee.

	The Workgroup recommends that this modification should be: <ul style="list-style-type: none"> <li>returned to Workgroup for further assessment.</li> </ul>
	High Impact: Shippers, Transporters' Agent
	Medium Impact:
	Low Impact:

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<b>About this document:</b>		Systems Provider: <b>Transporters' Agent</b>
This report will be presented to the panel on 21 July 2016.		 <a href="mailto:commercial.enquiries@transporters-agent.com">commercial.enquiries@transporters-agent.com</a>
The panel will consider whether the modification should proceed to consultation or be returned to the workgroup for further assessment.		
The Workgroup recommends the following timetable:		
Initial consideration by Workgroup	10 March 2015	
Amended Modification considered by Workgroup	12 July 2016	
Workgroup Report presented to Panel	21 July 2016	
Draft Modification Report issued for consultation	21 July 2016	
Consultation Close-out for representations	12 August 2016	
Final Modification Report presented to Panel	15 August 2016	
UNC Modification Panel decision	18 August 2016	

## 1 Summary

### Is this a Self-Governance Modification?

The Modification Panel determined that is not a self-governance modification because it is expected to have a material effect on commercial activities connected with the shipping of gas.

The Workgroup requests Panel to consider the self-governance status of this modification as it proposes User Pays services which should have no direct impact on consumers or competition, however, the associated costs may be material.

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

No. It is not a Fast Track self-governance modification as it is not a housekeeping modification.

### Why Change?

The Transporters and Shippers all need confidence that as they implement changes to their systems post UK LINK Replacement Programme (Project Nexus), that they can assure themselves and gain confidence that their systems are still fit for purpose and that they will be able to be amended successfully without unexpected impacts. This modification of the UNC is required to mandate Transporters to offer the level of support in an enduring testing regime for the UK LINK Programme that Users require.

### Solution

An obligation will be created on transporters to create a test environment. The solution introduces a new UNC subsidiary document “UK Link Testing System and Procedures” that will be reviewed annually by the UK Link Committee (or equivalent authority) and approved by the UNCC

### Relevant Objectives

This modification will provide confidence to Transporters and Shippers that any changes to the systems developed for implementation after Project Nexus will have been tested rigorously and that the market will operate effectively when changes to the Nexus requirements are implemented going forward. Therefore, the proposal is positive in respect of (d): Securing of Effective Competition between Shippers and f) Promotion of efficiency in the implementation and administration of the Code.

### Implementation

No implementation timescales are proposed. However, it would be desirable for this proposal to be implemented at the earliest practical opportunity.

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

This modification would have no impact on the industry programme for replacement of UK-Link systems.

## 2 Why Change?

Project Nexus is introducing new systems which underpin the whole of the gas settlement regime in the UK including invoicing and settlement processes involving billions of pounds per year, and also amending the change of supplier process that covers all gas customers, including putting the iGT customers into single service provision which is being done by the Transporters’ Agent. It is probably the biggest change that has ever been made to the UK’s Gas systems. Failure of the new systems could lead to catastrophic losses for Users and have a severe detrimental impact on customers. A large market failure could also impact those Users who were operating correctly under the new arrangements as, due to the way that gas is settled, no User would be immune from a large scale failure. The absence of a testing facility that

allows parties to robustly test functionality is likely to lead to a market where the quality of data within it is degraded.

After the new systems have gone live it will be necessary to make changes to the new systems and all market participants will be required to make changes to their systems. It would be bad practice, and a high risk strategy, to promote such changes directly to production.

The Transporters and Shippers all need confidence that as they implement changes to their systems post UK LINK Replacement Programme (Project Nexus), that they can assure themselves and gain confidence that their systems are still fit for purpose and that they will be able to be amended successfully without unexpected impacts

This modification of the UNC is required to mandate Transporters to offer the level of support in an enduring testing regime for the UK LINK Programme that Shipper Users require.

### 3 Solution

It is proposed that:

1. An obligation will be created on transporters to create a test environment.
2. The Transporters are required to publish an “UK Link Testing System and Procedures” document, which sets out requirements to access the test environment.
3. The initial content of the “UK Link Testing System and Procedures” document be that which is provided as an Appendix to this modification.
4. That the “UK Link Testing System and Procedures” document be reviewed annually by UK Link Committee (or equivalent authority).
5. Proposed amendments to the “UK Link Testing System and Procedures” document be submitted to the UNCC for approval.
6. Create two new User Pays services as defined in the subsidiary “UK Link Testing System and Procedures” document:
  - 6.1 Industry Testing;
  - 6.2 User Testing.

The subsidiary “UK Link Testing System and Procedures” document will include the following:

- be based on an agreed (at UK Link Committee or equivalent authority) relevant version of a production environment;
- be separate from the live environment;
- apply production-standard data protection and UNC confidentiality;
- provide manufactured data (including pseudo-shipper operations for supply point administration);
- provide a representative sample of supply meter points datasets on the production system.
- be compliant with the UNC subsidiary document “UK Link Testing System and Procedures”.

Gemini and Active Notification System (ANS) are excluded from the scope of this modification.

For the avoidance of doubt funding for this change excludes testing environments required for the delivery of Project Nexus functionality and its associated future phases including the RAASP functionality.

User Pays	
Classification of the modification as User Pays, or not, and the justification for such classification.	This modification should be a User Pays service as Users will directly benefit from the use of the testing services.
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.	Industry testing will be specific to each modification or change required and the split of the recovery of the costs will be stipulated by the UK Link Committee for each incidence of industry testing. User testing will be specific to each user.
Proposed charge(s) for application of User Pays charges to Shippers.	In line with the decision made by the UK Link Committee for each Industry change. For User testing a proportion of the total annual charge based on the number of weeks required. Any annual shortfall in cost recovery of the testing system will be smeared across Shippers according to Supply Meter Point market share.
Proposed charge for inclusion in the Agency Charging Statement (ACS) – to be completed upon receipt of a cost estimate from Transporters' Agent.	TBC

At its meeting on 12 July 2016, a High Level Cost estimate in the order of £2m (available alongside this report) was considered. The Workgroup noted that the above User Pays section applied only to future use of the environment (ie Opex costs) and not to the initial investment in the infrastructure (Capex).

It was noted that User Pays had not traditionally been applied to such Capex and that additional consideration was therefore appropriate. Significant questions were identified, including:

1. Do transporters envisage using the testing infrastructure in the future, meaning that they should contribute to the Capex?
2. If transporters do intend to utilise the infrastructure, what proportion of the Capex should they fund?
3. How should the Shipper User proportion be charged to shippers?
  - a. What cost-allocation method is appropriate (e.g. by MPRN etc)?
  - b. Over what term should these assets be depreciated (which then informs whether Users pay for the investment in year 1 or over several years)?

Panel is asked to note that these issues were not previously envisaged and that a further month is required to ensure that the costs treatment is clear for respondents to the eventual Consultation.

## 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	None

(ii) the pipe-line system of one or more other relevant gas transporters.	
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.	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 proposal will provide confidence to Users and transporters that changes to systems developed after Project Nexus will have been tested rigorously and that the market will continue to operate effectively after Nexus changes are implemented. Furthermore the testing framework will ensure that all future changes to and releases of the UK Link systems can be fully tested. Therefore, this proposal is positive in respect of (d): Securing of Effective Competition between Shippers and f) Promotion of efficiency in the implementation and administration of the Code.

## 5 Implementation

No implementation timescales are proposed. However, it would be desirable for this proposal to be implemented at the earliest practical opportunity.

## 6 Impacts

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

This modification would not impact the industry programme for replacement of UK-Link systems (Nexus) as it is not envisaged that implementation will be before Nexus go-live.

## 7 Legal Text

### Text Commentary

The following Legal Text Commentary was provided by National Grid Distribution.

TPD Section U (UK Link)	Topic	BRDs	Explanation
New paragraph 8.7.1	UK Link Testing System and Procedures	-	Defines UK Link Testing System and Procedures as being the systems and procedures set out in a document of the same name issued by Transporters.  The UK Link Testing System and Procedures shall be governed and amended in accordance with TPD Section V12 (General Provisions Relating To UNC Related Documents) unless, upon the application of a User, the Authority determines otherwise in respect of a particular amendment.
New paragraph 8.7.2	UK Link Testing System and Procedures	-	States that the UK Link Testing System and Procedures will identify the systems and procedures which will allow Users to test proposed changes to the functionality or performance of UK Link.
TPD Section V (General)	Topic	BRDs	Explanation
New paragraph 12.1(h)	UNC Related Document		Adds the UK Link Testing System and Procedures to the list of UNC Related Documents and therefore makes the document subject to the governance arrangements which apply to UNC Related Documents.

## Text

The following Text has been prepared by National Grid Distribution at the request of the Modification Panel.

### TRANSPORTATION PRINCIPAL DOCUMENT

#### SECTION U - UK LINK

*Add new paragraph 8.7 to read as follows:*

##### **"8.7 UK Link Testing System and Procedures**

8.7.1 The **"UK Link Testing System and Procedures"** are the systems and procedures described in the document issued by the Transporters and so entitled and governed and amended in accordance with Section V12 unless the Authority shall upon application of any User within one month after such notice, give Condition A11(18) Disapproval to the Transporters making any amendment in accordance with Section V12.

8.7.2 The UK Link Testing System and Procedures will identify the systems and procedures which will enable Users to test proposed changes to the functionality or performance of UK Link."

#### SECTION V - GENERAL

*Amend paragraph 12.1 to read as follows:*

- " ...
- (f) ; ~~and~~
  - (g) ; and
  - (h) the UK Link Testing System and Procedures.

## 8 Recommendation

The Workgroup invites the Panel to:

- AGREE that this modification should be returned to Workgroup for further assessment for a period of one month.