

## Representation - Draft Modification Report 0580S

### Implementation of Non Effective Days to enable Annual AQ Review (independent of Nexus transition)

Responses invited by: **5pm on 10 June 2016**

To: [enquiries@gasgovernance.co.uk](mailto:enquiries@gasgovernance.co.uk)

<b>Representative:</b>	Hilary Chapman
<b>Organisation:</b>	SGN
<b>Date of Representation:</b>	8 <sup>th</sup> June 2016
<b>Support or oppose implementation?</b>	Support
<b>Relevant Objective:</b>	f) Positive

#### Reason for support/opposition: Please summarise (in one paragraph) the key reason(s)

This modification facilitates the processing and application of AQ data into the UK Link Systems following the annual review process undertaken by Xoserve, through the creation of non-effective days. This modification is similar in nature to 0535, which was raised and implemented in relation to the 2015 AQ review activities, although it should be noted that the number of non-effective days differ between the modifications.

We consider that accurate AQ information is of positive benefit to the industry, and as such we have sponsored, and support, this modification.

The non-effective days proposed under this modification coincide with those proposed under modification 0532 *Implementation of Non Effective Days (Project Nexus transitional modification)*. Following consideration of the most efficient manner in which to manage the period in question, the workgroup concluded that modification 0580S should create seven non-effective days, in order to reflect the arrangements under 0532. This would provide the industry with stability and certainty when liaising with customers regarding their contractual arrangements, thus mitigating the risk of any adverse impact to consumers, especially given that confirmations may become live during the non-effective days.

It is noted that Ofgem is currently consulting upon the preferred implementation approach in relation to Project Nexus, which may have an impact on the Project Nexus Implementation Date as well as the implementation or otherwise of 0532. At the time of providing this consultation response in relation to 0580S the Project Nexus date remains as 1<sup>st</sup> October 2016 and therefore our response is predicated as such.

**Self-Governance Statement:** *Please provide your views on the self-governance statement.*

This modification was originally considered to be self-governance, as it was essentially a repeat of the previously approved modification 0535. However, given the amendments to the modification to extend the number of days requested, we and the workgroup no longer consider this to be the case. Further detail is provided in response to the specific question from Panel below.

**Implementation:** *What lead-time do you wish to see prior to implementation and why?*

In order to provide stability and certainty to the industry, we would welcome implementation at the earliest opportunity.

**Impacts and Costs:** *What analysis, development and ongoing costs would you face?*

None

**Legal Text:** *Are you satisfied that the legal text will deliver the intent of the Solution?*

Yes

**Modification Panel Members have requested that the following questions are addressed:**

*Q1: Please provide clear views and supporting evidence on the self-governance status of this modification focusing, in particular, on whether this proposal is likely to have a material impact upon competition in the shipping, transportation or supply of gas.*

As above, the modification was originally deemed to be self-governance as it repeated previous modification 0535, which had already been approved by the Authority.

However, during workgroup discussions it was agreed that the non-effective days requested should be increased from four to seven, in order to reflect arrangements under modification 0532. This standardisation of non-effective days ensures that the risks of confusion and instability during customer contract discussions are minimised, therefore avoiding any potential impacts on competition in the market.

However, given the increase in days, and the coincidence of the modification with 0532, we and the workgroup consider that the modification is no longer self-governance, and would welcome a Panel consideration as such.

*Q2. Views are invited on the number of non-effective days you think are appropriate. Please include justification for your view.*

The workgroup concluded that seven non-effective days would be most appropriate as the consistent arrangements between modification 0580S and 0532 would provide the Shipping community with certainty and stability when liaising with customers. While this is an increase to the minimum number of days required to undertake the AQ activities (confirmed by Xoserve to be four days), the workgroup concluded that the impact of this was outweighed by the positive effect of mitigating the risk of consumer disruption, which

could occur as a result of 0532 and 0580S each stipulating a different number of days. The workgroup consider that the mitigation of this risk, alongside the ability for confirmations to become effective during the non-effective days, means that consumer interests are protected and therefore seven days would be an appropriate number of non-effective days.

**Are there any errors or omissions in this Modification Report that you think should be taken into account?** *Include details of any impacts/costs to your organisation that are directly related to this.*

No

**Please provide below any additional analysis or information to support your representation**

N/A