
















Final Modification Report	At what stage is this document in the process?
<div data-bbox="118 353 453 443">0589S:</div> <div data-bbox="118 479 1034 689">Inclusion of CSEP Supply Meter Points within NDM Sampling Arrangements</div>	<div data-bbox="1182 342 1449 667"> <div>01 Modification</div> <div>02 Workgroup Report</div> <div>03 Draft Modification Report</div> <div>04 Final Modification Report</div> </div>
Purpose of Modification: This modification seeks to remove the restriction on the inclusion of CSEP Supply Meter Points within the available supply points for NDM Sampling arrangements.	
	Panel consideration is due on 15 September 2016 (<i>at short notice by prior agreement</i>)
	High Impact: None
	Medium Impact: None
	Low Impact: Gas Transporters and Shippers

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Timeline		 Any questions? Contact: Code Administrator  enquiries@gasgovernance.co.uk  0121 288 2107 Proposer: Colette Baldwin  Colette.baldwin@eonenergy.com  07793 648490 Transporter: Scotia Gas Networks  Hilary.chapman@SGN.co.uk  07749 983418 Systems Provider: Xoserve  commercial.enquiries@xoserve.com Additional contacts: Sallyann Blackett  Sallyann.blackett@eonenergy.com  02476 182098
Modification timetable:		
Initial consideration by Workgroup	28 July 2016	
Amended Modification considered by Workgroup	28 July 2016	
Workgroup Report presented to Panel	18 August 2016	
Draft Modification Report issued for consultation	18 August 2016	
Consultation Close-out for representations	09 September 2016	
Final Modification Report available for Panel	12 September 2016 (<i>short notice</i>)	
Modification Panel decision	15 September 2016	

1 Summary

What

The implementation of Modification 0440 - Project Nexus – iGT Single Service Provision CSEP Supply Meter Points will introduce iGT Supply Points into the Single Service Arrangements for Gas Transporters. However, Modification 0440 excludes iGT Supply Points from use in the available sample sites, which are used for the development of the Demand Models and End User Categories.

Why

This modification proposes to allow the use of CSEP Supply Meter Points in NDM Sampling to improve the overall sample selections by ensuring that Demand Models and End User Categories are developed with a fully representative set of supply points with the sample sets.

How

The modification will permit the inclusion of CSEP Supply Meter Points in the available sites selected for NDM Sampling. For the avoidance of doubt, the modification does not require the Gas Transporter to install any equipment on CSEP Supply Meter Points.

2 Governance

Justification for Self-Governance

The Modification Panel determined that this is a Self-Governance modification, as it seeks to enable the relevant UNC Committee to include CSEP Supply Meter Points into the development of End User Categories and Demand models. These activities are not related to competition in shipping, supply, or transportation and therefore will not have a material impact on these activities. Equally, there is no bias in network operator impacts as the selection of included meter points actually requires sampling to be random, which demonstrates the non-discriminatory nature of the modification.

Requested Next Steps

This modification should:

- be subject to self-governance
- proceed to Consultation.

The Workgroup agreed with the Modification Panel's determination on Self-Governance as this modification is unlikely to have a material impact on competition or unduly discriminate against any party. In addition, the modification if implemented would be likely to improve the sampling selections used in demand estimation modelling by making them more representative of the total population of connected supply points.

The Workgroup considered the modification is sufficiently developed to proceed to consultation.

3 Why Change?

CSEP Supply Meter Points have been excluded from use in the available sample sites, which are used for the development of the Demand Models and End User Categories by UNC Modification 0440 - Project Nexus – iGT Single Service Provision, which introduces iGT Supply Points into the Single Service Arrangements for Gas Transporters.

Since these supply points utilise the same algorithms for reconciliation and allocation purposes and are now of sufficient number to be considered as a representative part of the general metering population, not including them within the available pool of sites for sampling purposes perversely skews the sample pool.

Single Service arrangements will see CSEP supply Meter Points subject to the same processes of reconciliation and allocation as Large Transporter Meter Points and therefore they should not be excluded from processes that ensure transparent and accurate allocation of costs.

4 Code Specific Matters

Reference Documents

None.

Knowledge/Skills

None.

5 Solution

The solution is simply to remove the restriction placed in network code in Section H 1.6.10 to exclude CSEP Supply Meter Points from NDM Sampling and to allow the sites to come with the purview of DESC for creating Demand Models and the development of EUCs.

For the avoidance of doubt, the modification does not require the Gas Transporter to install any equipment on CSEP Supply Meter Points.

6 Impacts and Other Considerations

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

The modification could be implemented coincidentally with Project Nexus; however no system changes are required and therefore it would have no impact on delivery of Project Nexus.

Consumer Impacts

No direct consumer impacts.

Cross Code Impacts

No direct impacts on iGT UNC or iGTs identified.

EU Code Impacts

No EU Code impacts identified.

Central Systems Impacts

Central System would not be impacted should this modification be implemented.

Workgroup Impact Assessment

The Workgroup agreed with the Modification Panel's determination on Self-Governance, as this modification is unlikely to have a material impact on competition or unduly discriminate against any party. In addition, the modification if implemented would be likely to improve the sampling selections used in demand estimation modelling by making them more representative of the total population of connected supply points.

User Pays

User Pays	
Classification of the modification as User Pays, or not, and the justification for such classification.	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.	Not applicable
Proposed charge(s) for application of User Pays charges to Shippers.	Not applicable
Proposed charge for inclusion in the Agency Charging Statement (ACS) – to be completed upon receipt of a cost estimate from Xoserve.	Not applicable

7 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:	Positive

<ul style="list-style-type: none"> (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. 	
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

Relevant objective (d) – by ensuring that all meter points irrespective of how connected to the distribution network are included in the sets of available sites for NDM Demand Models and EUC development, it will ensure that these models are reflective of all sites connected to the distribution network, which leads to more accurate energy and cost allocation therefore furthering competition.

Relevant objective (f) – by ensuring that all meter points irrespective of how connected to the distribution network are available for inclusion in the models it will ensure that the models are based on a statistically valid set of connected supply points, and DESC will not have to specifically exclude supply points from their samples, thereby making the process more efficient.

8 Implementation

As self-governance procedures are proposed, implementation could be sixteen business days after a Modification Panel decision to implement, subject to no Appeal being raised, however until CSEP Supply Meter Points come within the UNC they cannot be included in the models, and therefore the Project Nexus Implementation Date or soon after is preferred.

9 Legal Text

Legal Text has been provided by Scotia Gas Networks following a request from the Modification Panel and has been published in this report. However, Legal Text was not available in time for consideration by the Workgroup.

Text Commentary:

Section H was amended by Modification 0440 to include a clause preventing the use of CSEP Supply Meter Points in the NDM Sampling. The removal of 1.6.10 removes this restriction and will enable DESC to use all supply Points as provided under section H 1.1.5:

UNC TPD Section H

1.1.5 In this Section H, unless otherwise expressly provided, references to Supply Meter Points and Supply Points (and classes thereof) include CSEP Supply Meter Points and CSEP Supply Points (and the corresponding classes thereof).

Please note: the legal text provided for this Modification is predicated on implementation of Modification 0440 – Project Nexus – iGT Single Service Provision.

Text

Section H – 1.6 NDM Sampling

~~1.6.10 In this paragraph 1.6, references to Supply Meter Points do not include CSEP Supply Meter Points.~~

10 Consultation

Panel invited representations from interested parties on 18 August 2016. The summaries in the following table are provided for reference on a reasonable endeavours basis only. We recommend that all representations are read in full when considering this Report. Representations are published alongside this Final Modification Report.

Of the 7 representations received implementation was unanimously supported.

Representations were received from the following parties:

Organisation	Response	Relevant Objectives	Key Points
British Gas	Support	d) - positive f) - positive	<ul style="list-style-type: none">• Believes that the modification would provide a more representative sample of meter points, thereby enabling improvement to the demand estimation process.• Supports self-governance status and implementation at the same time as Project Nexus, or soon thereafter.
E.ON	Support	d) - positive f) - positive	<ul style="list-style-type: none">• Believes the modification facilitates the inclusion of more meter points within the NDM sample thereby improving the overall sample and ensuring the Demand Models and End User Categories contain fully representative sets of supply points.• Recognises the efficiency gains once iGT supply points are also included in the centrally held data.• Points out that NDM sampling and the development of the End User Categories are not specifically related to competitive activities and are agnostic to market participants, and therefore cannot have a material impact on competition.• Believes the modification is only capable of implementation once Project Nexus is implemented.
National Grid	Support	d) - positive	<ul style="list-style-type: none">• Believes it is now an appropriate time to allow the use

Distribution		f) - positive	<p>of this data for sampling and modelling purposes given the increasing population of CSEP Supply Meter Points.</p> <ul style="list-style-type: none"> • Supportive of the relevant objectives as stated, especially given the increasing percentage of CSEP Supply Meter Points within the overall mix of Supply Meter Points. • Supports both the self-governance status and the proposed implementation timescales. • Notes that CSEP Supply Meter Points were excluded from the sampling regime under modification 0440 because of concerns regarding a Transporters ability to access such sites in order to install the necessary equipment. The view at the time that the 0440 legal text was drafted was that excluding iGT data would not distort the sampling arrangements. • Believes that concerns regarding Transporters access to site are allayed as modification 0589S clarifies that Transporters are not required to install any equipment at CSEP Supply Meter Points were this modification to be implemented.
Npower Ltd	Support	d) - positive f) - positive	<ul style="list-style-type: none"> • Believes that the modification provides a means of increasing sample numbers and is a positive way forwards. • Supports self-governance status and implementation in line with Project Nexus.
Scotia Gas Networks	Support	d) - positive f) - positive	<ul style="list-style-type: none"> • Believes that the modification appropriately removes the restrictions placed by Modification 0440 around the use of CSEP Supply Meter Points in NDM sampling. • Believes the modification benefits the sampling arrangements by ensuring the continued availability of a valid and representative sample pool for utilisation in the development of NDM Demand Models and End User Category development, in turn, furthering accurate energy and cost allocation. • Supports self-governance status and suggests implementation on, or soon after Project Nexus implementation.
SSE	Support	d) - positive f) - positive	<ul style="list-style-type: none"> • Believes the inclusion of CSEP Supply Meter Points within the NDM sampling arrangements improves overall sample selections by ensuring that Demand Models and End User Categories are developed with a fuller representative set of Supply Meter Points,

			<p>thereby leading to more accurate gas allocation.</p> <ul style="list-style-type: none"> • Supports self-governance status and suggests implementation at the same time as Project Nexus.
Wales & West Utilities	Support	<p>d) - positive f) – none</p>	<ul style="list-style-type: none"> • Believes that the modification potentially increases the sample size for the production of profiles for settlement classes 3 and 4 through the inclusion of CSEP meter points within the overall population. In turn this should make the profiles more accurate thereby facilitating effective competition between Shippers. • Supports self-governance status. • Suggests that the modification should be implemented on the Project Nexus Implementation Date, but not before UNC Modification 0440. • Believes the reference to “soon after” stated within the Draft Modification Report is subject to interpretation, believing that a more precise term should have been used (i.e. “no more than three months after.....”)

Please note that late submitted representations will not be included or referred to in this Final Modification Report. However, all representations received in response to this consultation (including late submissions) are published in full alongside this Report, and will be taken into account when the UNC Modification Panel makes its assessment and recommendation.

11 Panel Discussions

12 Recommendations

Panel Determination

Members agreed:

- that Modification 0589S should [not] be implemented