

Pre-Modification Consultation

Project Nexus: Potential UNC Modifications

At what stage is this document in the process?

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

Views are being sought on the changes that should be implemented when Xoserve systems are replaced



Responses invited by dd month 2012.



High Impact:
Insert name(s) of impact



Medium Impact:
Insert name(s) of impact



Low Impact:
Insert name(s) of impact

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About this document:

This document is a Pre Modification Consultation, which was issued for consultation at the request of ??? on xx month 2012. The close-out date for responses is xx month 2012.

National Grid Distribution has committed to raising the UNC modifications that would be needed to implement all, or any part of, the changes set out in this consultation. It is recognised that significant industry resource will be required to develop the detailed business rules that would be incorporated within any UNC modifications. The industry will therefore be asked to consider the responses to this consultation with a view to providing guidance to National Grid Distribution regarding the modifications that they should raise.



3 Any questions?

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Joint Office

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1 Summary

Why Change?

As part of the outcome of the last price control review, it was agreed that funding should be available to support a major IT systems investment programme by Xoserve. This major systems investment (Nexus) provides an opportunity to consider whether the existing UNC requirements remain appropriate. Rather than asking Xoserve to procure replacement systems that deliver the existing functionality, there is an expectation that introducing different requirements at this stage would be the most economic time to implement any such change. This is particularly opportune since it is coincident with the development of smart metering, such that requirements can be specified that recognise changes to metering arrangements rather than any changes to accommodate smart metering being retrofitted in due course.

Solution

The Modification Panel established a Workgroup to support the development of potential UNC modifications that may be beneficial at the time of systems replacement. Building on responses to an Xoserve consultation exercise, the Project Nexus Workgroup has considered a range of potential changes, and the output from these considerations have been published as a suite of eight Business Requirement Documents (BRDs) (see www.gasgovernance.co.uk/nexus/brd). The key proposals are:

1. "Settlement" (Submission of Meter Readings and Use in Daily Allocation)
 - *Shippers continue to be responsible for obtaining, validating and submitting meter readings*
 - *Gas Transporters' agent performs validations on the read against data held on the GTs' supply point register*
 - *Choice of four future services for attribution/allocation of daily gas off-taken*
 - *Shippers will have access to a daily settlement service for all meter points – if desired*
 - *Introduction of an industry-wide "smear" for Unidentified Gas and any other gas not accounted for through initial measurements or allocations*

2. Reconciliation
 - *Meter point reconciliation for all MPRs*
 - *Removal of RbD and replacement with an industry-wide scaling adjustment*
 - *No change to reconciliation principles and calculations, just to the range of meter points to which they apply*
 - *Introduction of the concept of Resynchronisation for NDM meter points where meter readings are derived using certain types of automated reading equipment*

3. Annual Quantity (AQ)
 - *Monthly re-calculation of AQ, if a new meter reading has been received in the last month*
 - *If reads have previously passed validation against data held on the GT register they are deemed suitable for all processes, including AQ*
 - *Removal of amendment and appeals phases of AQ process*

- 2 SOQs – one for Allocation and another ‘fixed SOQ’ which applies for 6 or 12 months for transportation charging purposes.
- Minimum duration of the reference period for AQ calculation is 9 months (compared to current 6 months + 1 day)

4. Retrospective Updates

- Facility for current Shipper to amend asset data for their period of ownership
- Automatic financial adjustments for amended asset data
- Ability for current and previous Shippers to amend any periodic meter reading for their period of ownership
- Automatic re-reconciliations where a meter reading is amended

5. Supply Point Register

- GT monitoring of Shippers’ compliance with the check read requirement
- Provision of 12 months’ consumption data (where available in the GTs’ systems) to any potential new Shipper
- Improved management of priority and vulnerable customers

6. Invoicing

The proposals developed by the Workgroup have been documented as “Business Principles”, as they are generally at a higher level than for the preceding topics.

- No wholesale change to current “thin invoice” and “thick supporting information” structure
- Requirement for all supporting information to be itemised at meter point level wherever possible
- Additional fields may be added to invoice supporting information to allow Shippers to sort/segment their invoices according to their own needs
- Aspiration for all Adhoc supporting information to be sent by electronic transfer
- Aspiration for a single supporting information format for Adhoc invoices
- Aspiration to reduce the number of Adhoc invoices

7. Non-Functional Requirements

The proposals developed by the Workgroup have been documented as “Business Principles”, as they are generally at a higher level than for the preceding topics.

- Direct access to view and report the Shipper’s own meter asset, meter reads and invoicing details, with the facility to extract or report data
- Aspiration to minimise the change to communication file formats for invoices, read files etc.
- More parameterisation of values to make change to values easier

8. iGT Meter Points

While not implementable via a UNC modification (and so outside the scope of any UNC modification consultation), it is a working assumption that iGT meter points (CSEP meter points) will be included on the Supply Point Register and will be subject to the same processes and interfaces as for directly connected sites, especially for confirmation, read submission and AQ.

- *Single supply point register for all large and small transporters' gas supply points (this presently excludes supply points on networks not subject to central balancing, e.g. LPG networks)*
- *Consistent AQ review process, operated by the central service provider*
- *Single interface for change of Shipper processes*
- *Single consistent process for meter read submission*

Impacts & Costs

Xoserve have provided a high level best estimate of the cost of UK Link systems development to deliver the requirements in the eight BRDs, as summarised above of about £20m. There is potential that there will be system impacts beyond UK Link, and costs associated with those systems (for example, Gemini) are not included in this estimate.

All parties are requested to provide estimates of the costs they would face if all, or a subset, of the suggested changes were implemented.

Implementation

The implementation date for any suite of changes that is supported is necessarily uncertain. All parties are requested to provide their view of an optimal implementation timetable, and to set out any views on priorities for the order in which the elements should be implemented if possible – together with supporting explanations for those priorities.

The Case for Change

All parties are requested to set out the benefits they anticipate will accrue from each of the suggested changes, and to provide an assessment of the expected impact on the relevant objectives.

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2 Why Change?

Summary to be expanded and agreed by Project Nexus Workgroup.

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3 Solution

Summary to be expanded and agreed by Project Nexus Workgroup. BRD summary to either be incorporated or referenced, and full BRDs to be referenced.



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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.	Positive/Negative/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.	Positive/Negative/None
c) Efficient discharge of the licensee's obligations.	Positive/Negative/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/Negative/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.	Positive/Negative/None
f) Promotion of efficiency in the implementation and administration of the Code	Positive/Negative/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	Positive/Negative/None

To be expanded and agreed by Project Nexus Workgroup, covering each BRD or each package?

5 Impacts and Costs

Consideration of Wider Industry Impacts

To be agreed by Project Nexus Workgroup. Reference Smart Metering here?

Costs

Indicative industry costs – User Pays
Classification of the costs as User Pays or not and justification for classification
Identification of Users, proposed split of the recovery between Gas Transporters and Users for User Pays costs and justification
Proposed charge(s) for application of Users Pays charges to Shippers
Proposed charge for inclusion in ACS – to be completed upon receipt of cost estimate from Xoserve

Impacts

Impact on Transporters' Systems and Process	
Transporters' System/Process	Potential impact
UK Link	•
Operational Processes	•
User Pays implications	•

Impact on Users	
Area of Users' business	Potential impact
Administrative and operational	•
Development, capital and operating costs	•
Contractual risks	•
Legislative, regulatory and contractual obligations and relationships	•

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Where can I find details of the UNC Standards of Service?

In the Revised FMR for Transco's Network Code Modification **0565 Transco Proposal for Revision of Network Code Standards of Service** at the following location:
<http://www.gasgovernance.co.uk/sites/default/files/0565.zip>

Impact on Transporters	
Area of Transporters' business	Potential impact
System operation	•
Development, capital and operating costs	•
Recovery of costs	•
Price regulation	•
Contractual risks	•
Legislative, regulatory and contractual obligations and relationships	•
Standards of service	•

Impact on Code Administration	
Area of Code Administration	Potential impact
Modification Rules	•
UNC Committees	•
General administration	•

Impact on Code	
Code section	Potential impact
All	The scale of potential changes is expected to involve a large volume of change across the UNC

Impact on UNC Related Documents and Other Referenced Documents	
Related Document	Potential impact
Network Entry Agreement (TPD I1.3)	None
Network Exit Agreement (Including Connected System Exit Points) (TPD J1.5.4)	
Storage Connection Agreement (TPD R1.3.1)	
UK Link Manual (TPD U1.4)	
Network Code Operations Reporting Manual (TPD V12)	None

Impact on UNC Related Documents and Other Referenced Documents	
Network Code Validation Rules (TPD V12)	
ECQ Methodology (TPD V12)	None
Measurement Error Notification Guidelines (TPD V12)	None
Energy Balancing Credit Rules (TPD X2.1)	
Uniform Network Code Standards of Service (Various)	

Impact on Core Industry Documents and other documents	
Document	Potential impact
Safety Case or other document under Gas Safety (Management) Regulations	
Gas Transporter Licence	

Other Impacts	
Item impacted	Potential impact
Security of Supply	
Operation of the Total System	
Industry fragmentation	
Terminal operators, consumers, connected system operators, suppliers, producers and other non code parties	

6 Implementation

Summary to be expanded and agreed by Project Nexus Workgroup.



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7 Next Steps

All parties are requested to submit views regarding this pre-modification consultation. The close-out date for responses is **dd Month 2012**, which should be sent to enquiries@gasgovernance.co.uk. A response template that all are requested to use is at www.gasgovernance.co.uk/nexus/brd.



Consultation Ends

On xx Month 2012

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