

0520 0520A: Performance Assurance Reporting

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

These modifications introduce lower level industry performance reporting.



The Workgroup recommends that these modifications should now proceed to consultation.












High Impact: None



Medium Impact: Shippers



Low Impact: Transporters

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About this document:		 Contact: Code Administrator
This report will be presented to the panel on 17 December 2015.		 enquiries@g asgovernance.co. uk
The panel will consider whether the modification should proceed to consultation or be returned to the workgroup for further assessment.		 0121 288 2107
The Proposer recommends the following timetable:		Proposer: 0520 Andrew Margan
Initial consideration by Workgroup	13 January 2015	 Andrew.margan@centrica.com
Amended Modification considered by Workgroup	05 November 2015	 07789 577327
Workgroup Report presented to Panel	21 January 2016	Proposer: 0520A Colette Baldwin
Draft Modification Report issued for consultation	21 January 2016	 Colette.baldwin@eonenergy.com
Consultation Close-out for representations	11 February 2016	 02476 181382
Final Modification Report presented to Panel	12 February 2016	Transporter: Wales and West
UNC Modification Panel decision	18 February 2016	Systems Provider: Xoserve
		 commercial.enquiries@xoserve.com

1 Summary

Is this a Self-Governance Modification?

The modification Panel determined that Self Governance should not apply to these modifications because the reporting proposed in each will identify individual User performance and this change could have a material effect on competition in the shipping, transportation or supply of gas conveyed through pipes or any commercial activities connected with the shipping, transportation or supply of gas conveyed through pipes.

The Workgroup agreed with the Modification Panels determination that Self-Governance was not appropriate as these modifications introduce reports, which may disclose Shipper identities and therefore could have a material impact on competition.

Why Change?

The new gas settlement regime introduced as part of the Project Nexus arrangements is expected to offer wide benefits to the industry, however it is also recognised that new risks may be introduced.

Given the value of energy that is delivered throughout GB each day, any small percentage of inaccuracy in aggregate allocation is potentially significant. The volume of un-reconciled energy after any period is dependent upon accurate and timely data provision, including asset and available consumption data.

Individual User and industry performance may be a key component in ensuring Nexus functions effectively and ensures the objective of User and industry performance is maintained or potentially improved. It may also facilitate future developments of performance targets and incentives.

Solution

These modifications propose to introduce low level reporting arrangements for the key industry inputs which impact accurate settlement allocation.

Relevant Objectives

Modification 0520

This proposal should have a positive effect on relevant objective d) Securing of effective competition. The reporting may allow UNC Parties to monitor Shipper's data input performance in elements related to settlement accuracy and support any future incentive regime to improve performance and reduce settlement risk.

Modification 0520A

The proposal should have a positive impact on relevant objective d), the securing of effective competition by facilitating transparent reporting of User performance on key industry data that is used for accurate allocation of energy and the appropriate targeting of costs.

Some participants consider this proposal may also have a positive impact on relevant objective a), the efficient and economic operation of the pipeline system, as improved information regarding meter point level consumption and performance metrics on data quality could help Transporters better understand system requirements in areas of constrained capacity.

Implementation

No implementation timescales are proposed. However, each modification proposes two Performance Assurance Report Register schedules, one which is capable of being delivered immediately following an Authority decision, the second relates to data that won't exist until the UK Link system is replaced, and therefore can't be delivered until after the Project Nexus Implementation Date.

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

These modifications are related to the UK Link Replacement project, but will not have an impact on the signed off requirements or system delivery timescales. The new UK Link replacement system has reporting functionality built into the current specification, although this reporting won't be available until after the Project Nexus Implementation Date.

2 Why Change?

Major systems investment for UK Link Replacement provides an opportunity to consider whether the existing UNC requirements remain appropriate. Whilst the new regime is expected to offer benefits, it is also recognised that new risks may be introduced. As a result the gas Performance Assurance Workgroup (PAW) was established by the Uniform Network Code (UNC) Modification Panel to consider the development of a framework that can help to ensure the gas settlement risks are understood, and to provide assurance that the actions of Users are not inappropriately allocating costs to others.

Given the value of energy that is delivered throughout GB each day, any small percentage of inaccuracy in aggregate allocation is potentially significant. The volume of un-reconciled energy after any period is dependent upon accurate and timely data provision, including asset and available consumption data. Therefore PAW has identified the necessity for individual User and industry performance reporting, for the key industry inputs, which impact accurate settlement allocation.

The transparency of individual User and industry performance may be a key component in ensuring UK Link Replacement functions effectively, the key benefits are realised and ensures User and industry performance is maintained or potentially improved. These modifications are expected to be one of a series of modifications around Performance Assurance, each of which should be able to be developed independently and implemented at different times as required. For the avoidance of doubt it is intended that either of these modifications could be implemented without reliance on any other modification required to establish a performance assurance framework.

This should also allow the other modifications to be considered on their own merits and not potentially delayed by other proposals.

The intention of these proposals is that they provide Transporters the legal vires to produce reports from industry data. Available data could include UK Link Replacement data or other data. This position is taken as Users have access to their own data, whereas the Transporters have access to all User and industry data.

It should be noted that during the assessment of the reports designed to be implemented for these modifications, that participants had a difference of views of the content of the reports and the degree of disclosure required for peer comparison, as opposed to that envisaged for a performance assurance committee to review and monitor settlement performance risks in the future – when constituted. Therefore two registers of reports have been developed to allow the industry to consider which set of reports should be implemented and the level of disclosure to be permitted.

3 Solution

Key differences between Modifications 0520 and 0520A

These modifications propose to introduce low level reporting arrangements for the key industry inputs which impact accurate settlement allocation. Each modification proposes a register of reports, which can only be amended by a modification (a copy of each register proposed to be implemented is published along side this report), each report register contains a schedule of reports for delivery pre and post Project Nexus implementation:

0520 – The information requested in each report both pre and post Project Nexus implementation is made available to all UNC Parties which is fully disclosed and referenced by Shipper Short Code.

0520A – The information requested in each report both pre and post Project Nexus implementation is made available to all UNC parties for peer review, however the Shipper identity is not disclosed. In addition should a performance assurance committee be constituted a set of fully disclosed reports would be produced for their use only.

The report register content proposed in each modification should be read, as the detailed content is not identical.

Modification 0520

This modification will create the obligation for the relevant Distribution Transporters to produce and publish lower-level Performance Assurance reporting.

Business Rules

1. The Guidelines document Performance Assurance Report Register Guidance Document, will be maintained by the relevant Distribution Transporters.
2. The Guidelines document will be referenced under the relevant section of code
3. The Transporters will publish the reports monthly.
4. The Publications of reports are to be made available to UNC Parties.
5. Reports will be issued referencing Shipper Short Codes.
6. Schedule 1 will be implemented from the approval date to Project Nexus implementation date.
7. Schedule 2 will be implemented post Project Nexus implementation date (back dated – as necessary)
8. Should a User or Transporter wish to propose modifications to any of the Performance Assurance Report Register Document, they shall be raised in accordance with the UNC Modification rules.

Modification 0520A

This modification will require the Transporters to produce and publish settlement performance information as set out in the attached Performance Assurance Report Registers (PARR).

Business Rules

1. The Performance Assurance Report Registers will be maintained by the Transporters as a guideline document.
2. The PARR guideline document will be referenced under the relevant section of code.
3. The Transporters will make the PARR reports available to Shipper Users, in the timeframes and frequency as set out in the Performance Assurance Reporting Template.

4. The PARR reports will be issued referencing the appropriate Shipper Short Codes (SSC) where SSC disclosure is set out in the report template. Reports for peer comparison will set out the individual Shipper's performance against each of the industry participants, without disclosure of their SSCs.
5. Any changes to any of the reports within the PARR may only be made by UNC Modification in accordance with the Modification Rules.
6. PARR Schedule 1A & 1B will fall away when the Transporter Agency confirms that it can provide PARR Schedule 2A & 2B.
7. Reports provided under Schedules 2A & 2B of the PARR will be provided from the implementation of Project Nexus (back-dated – as necessary).
8. The initial content of the PARR be that which is provided as an Appendix to this modification.
9. For the avoidance of doubt the PARR is to be included in the Shipper Users performance pack provided by the Transporters Agent from time to time.

User Pays	
Classification of the modification as User Pays, or not, and the justification for such classification.	These modifications are classified as a User Pays Modifications, as they will create additional services in the UNC, which are to be provided by the Transporter Agency.
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.	Modification 0520 - As Users are the beneficiaries of the services created by these modifications, 100% of the costs are to be recovered from Users. Modification 0520A - The reports on Shipper User performance will be recovered from Shipper Users. For the avoidance of doubt, any reports added to the Register on Transporter performance will be funded by Transporters.
Proposed charge(s) for application of User Pays charges to Shippers.	The charges for Shipper reports will be split by Shipper market share, based on the total AQ for all LDZs for the relevant billing period for each shipper (as at the end of the relevant billing period) as a percentage of the total AQ for all LDZs for all shippers.
Proposed charge for inclusion in the Agency Charging Statement (ACS) – to be completed upon receipt of a cost estimate from Xoserve.	A cost estimate is to be provided by Xoserve

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 0520A - Positive
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.	0520 - Positive 0520A - 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.	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.	None

Modification 0520

This proposal should have a positive effect on relevant objective d) Securing of effective competition. The reporting may allow UNC Parties to monitor Shipper's data input performance in elements related to settlement accuracy and support any future incentive regime to improve performance and reduce settlement risk. This is expected to lead to more accurate and up to date information being held on central systems and therefore improve accuracy of settlement and information in relation to system utilisation and capacity needs.

Modification 0520A

The proposal should have a positive impact on relevant objective d), the securing of effective competition by facilitating transparent reporting of User performance on key industry data that is used for accurate allocation of energy and the appropriate targeting of costs.

Some participants consider this proposal may also have a positive impact on relevant objective a), the efficient and economic operation of the pipeline system, as improved information regarding meter point level consumption and performance metrics on data quality could help Transporters better understand system requirements in areas of constrained capacity.

5 Implementation

No implementation timescales are proposed for either modification. However, the Performance Assurance Report Register proposed in each modification is to be delivered in two phases:

Phase 1 – Schedule 1 is to provide reporting as soon as reasonably practicable following an Authority decision to implement – pre Project Nexus implementation.

Phase 2 – Schedule 2 is to be provided at a date to be advised following the Project Nexus Implementation Date, although the information provided in the reports is to be backdated to the Project Nexus Implementation Date.

In addition Modification 0520A proposes a subset of the schedules above to be provided to a UNC performance assurance committee, should it be constituted.

High level cost estimates for each modification will be published alongside this report.

6 Impacts

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

These modifications do not impact an SCR and the reporting requirements will not change any deliverable or affect the system delivery for Project Nexus.

Post Nexus Implementation

These modifications propose to use Project Nexus data for reporting, although it does not limit the Transporters from delivering the change for the current gas settlement regime, it is intended that the post Project Nexus Implementation reports will be made available at a date to be advised following implementation of Project Nexus.

7 Legal Text

Text Commentary

Text Commentary for Modifications 0520 and 0520A has been prepared by Wales & West Utilities and is published alongside this report.

Text

Legal Text has been prepared at the request of the Modification Panel and is published alongside this report.

8 Recommendation

The Workgroup invites the Panel to:

- AGREE that these modifications should be issued to consultation

9 Appendices

For reporting criteria see the supporting Performance Assurance Report Register published for each modification.

Appendix 1 – Performance Assurance Report Register Document (Modification 0520) is published in a separate alongside this report.

[Appendix 2 – Performance Assurance Report Register \(Modification 0520A\) is published in a separate alongside this report.](#)