

UNC Modification		At what stage is this document in the process?
<h1>UNC 0625:</h1> <h2>Extension of 4 months to 10 months to transfer non-mandatory sites from Class 1</h2>		<div style="display: flex; flex-direction: column; gap: 5px;"> <div style="border: 1px solid green; background-color: #00a651; color: white; padding: 5px; display: flex; align-items: center; justify-content: center;"> <span style="font-weight: bold; font-size: 1.2em; margin-right: 5px;">01</span> Modification         </div> <div style="border: 1px solid #00a651; padding: 5px; display: flex; align-items: center; justify-content: center;"> <span style="font-weight: bold; font-size: 1.2em; margin-right: 5px;">02</span> Workgroup Report         </div> <div style="border: 1px solid #00a651; padding: 5px; display: flex; align-items: center; justify-content: center;"> <span style="font-weight: bold; font-size: 1.2em; margin-right: 5px;">03</span> Draft Modification Report         </div> <div style="border: 1px solid #00a651; padding: 5px; display: flex; align-items: center; justify-content: center;"> <span style="font-weight: bold; font-size: 1.2em; margin-right: 5px;">04</span> Final Modification Report         </div> </div>
<p><b>Purpose of Modification:</b></p> <p>This modification proposes to extend the current <b>6 month</b> deadline for moving non mandatory DM sites from Class 1 to <b>10 months</b> to address delays caused by ongoing issues relating to Class 1 sites following NEXUS Go Live thus allowing for an orderly transfer of arrangements</p>		
	<p>The Proposer recommends that this modification should be:</p> <ul style="list-style-type: none"> <li>assessed by a Workgroup</li> </ul>	
	<p>High Impact: Shipper Users, Transporters and CDSP</p>	
	<p>Medium Impact: None</p>	
	<p>Low Impact: None</p>	

Contents		?	Any questions?
1	Summary	3	Contact: Joint Office of Gas Transporters
2	Governance	4	 <a href="mailto:enquiries@gasgovernance.co.uk">enquiries@gasgovernance.co.uk</a>
3	Why Change?	4	 0121 288 2107
4	Code Specific Matters	4	Proposer: Steve Mulinganie
5	Solution	5	 <a href="mailto:steve.mulinganie@gazprom-energy.com">steve.mulinganie@gazprom-energy.com</a>
6	Impacts & Other Considerations	5	 07990 972568
7	Relevant Objectives	6	Transporter: SGN
8	Implementation	7	 <a href="mailto:hilary.chapman@sgn.co.uk">hilary.chapman@sgn.co.uk</a>
9	Legal Text	7	 07749 983418
10	Recommendations	7	Systems Provider: Xoserve
<b>Timetable</b>			 <a href="mailto:commercial.enquiries@xoserve.com">commercial.enquiries@xoserve.com</a>
<b>The Proposer recommends the following timetable:</b>			Other: Gareth Evans (proposer rep)
Initial consideration by Workgroup	24 August 2017		 <a href="mailto:gareth@waterswye.co.uk">gareth@waterswye.co.uk</a>
Amended Modification consider by Workgroup	28 September 2017		 07500 964447
Workgroup Report presented to Panel	20 October 2017		
Draft Modification Report issued for consultation	20 October 2017		
Consultation Close-out for representations	06 November 2017 (12 b.d.)		
Final Modification Report available for Panel	07 November 2017		
Modification Panel decision (Special Panel req'd)	08 November 2017		

# 1 Summary

## What

As part of the Project Nexus Solution it was agreed that Class 1 sites would include only Mandatory Daily Metered (DM) Supply Points i.e. Supply Points with an Annual Quantity (AQ) is greater than 2 million therms per annum.

DM Supply Points with an AQ of less than 2 million therms per annum were migrated into Class 1 and then are currently required to transfer to another Class within 6 months of NEXUS Go Live.

This means that under the current arrangements non mandatory DM sites will need to be migrated from Class 1 by 1<sup>st</sup> December 2017. Failure to proactively move sites ahead of this deadline will mean these sites default into Class 4.

## Why

The 6 month soft landing was agreed on the basis that the transfer to post NEXUS arrangements would be reasonably straightforward. This was based on the fact that the existing DM arrangements would be “lifted and shifted” from legacy arrangements and that the pre-existing unbundled DM Read Services would not be subject to any disruption.

However post NEXUS Go Live we have experienced significant volatility with the Unidentified Gas (UIG) energy smearing. Large numbers of DM reads which hitherto have been successfully loading in the Legacy Environment have been rejected when the monopoly DM Service Providers (DMSP) have submitted data into Central Systems. Further analysis has identified that changes in data item validation has led to large numbers of these DM reads being rejected by Central Systems.

Xoserve have now proactively taken steps to help address these issues and work is ongoing to facilitate normal operation.

However this disruption has meant that Shippers projects for arranging and scheduling the transfer of Supply Points away from Class 1 have been delayed.

It should also be noted that all Supply Points with an Annual Quantity (AQ) in excess of 25,000 Therms must be advanced and so irrelevant to which Class a Supply Point transfers the vast majority will require the installation of a suitable advanced meter

The latest we have from Xoserve (31<sup>st</sup> July) is that we are looking at a 4-6 week plan from Xoserve (Starting in August-17) to resolve the vast majority of the issues however it is likely a number of more complex issues will take longer to complete. Based on this latest information we believe an additional 4 month extension to be prudent when taking into account the time taken to remedy the issues and that the extension proposed will include the Christmas and New Year which will impact access to larger commercial sites affected by the issue.

## How

It is proposed that the Transition Document Part IIF – Nexus Implementation is amended to replace the current 6 month deadline with 10 months.

## 2 Governance

### Justification for Authority Direction

This proposal is unlikely to have a material effect on either existing or future gas consumers because it simply extends the existing arrangements enabling a smooth transition for consumers from Class 1.

There is likely to be a small positive effect on competition between Shippers since any undue costs likely to be incurred by Shippers to address re-classification of sites would be avoided.

Overall, the effect on these self-governance criteria is expected to be non-material and self-governance procedures should apply.

The Modification Panel at its meeting on 17 August 2017 determined that the proposals in this modification would have a material impact and therefore it should be sent for Authority Direction.

### Requested Next Steps

This modification should:

- be assessed by a Workgroup

## 3 Why Change?

As part of the Project Nexus Solution it was agreed that Class 1 sites would include only Mandatory Daily Metered (DM) Supply Points i.e. Supply Points with an Annual Quantity (AQ) is greater than 2 million therms per annum. DM Supply Points with an AQ of less than 2 million therms per annum were migrated into Class 1 and then are currently required to transfer to another Class within 6 months of NEXUS Go Live. This means that under the current arrangements non mandatory DM sites will need to be migrated from Class 1 by 1<sup>st</sup> December 2017. Failure to proactively move sites ahead of this deadline will mean these sites default into Class 4.

The 6 month soft landing was agreed on the basis that the transfer to post NEXUS arrangements would be reasonably straightforward. This was based on the fact that the existing DM arrangements would be “lifted and shifted” from legacy arrangements and that the pre-existing unbundled DM Read Services would not be subject to any disruption.

However post NEXUS Go Live we have experienced significant volatility with the Unidentified Gas (UIG) energy smearing. Large numbers of DM reads which hitherto have been successfully loading in the Legacy Environment have been rejected when the monopoly DM Service Providers (DMSP) have submitted data into Central Systems. Further analysis has identified that changes in data item validation has led to large numbers of these DM reads being rejected by Central Systems.

Xoserve have now proactively taken steps to help address these issues and work is ongoing to facilitate normal operation.

However this disruption has meant that Shippers projects for arranging and scheduling the transfer of Supply Points away from Class 1 have been delayed. Shippers had intended to undertake an orderly transfer of arrangements during the 6 month period from NEXUS Go Live however due to the problems encountered with the DM arrangements parties have instead been focused on fixing the current arrangements to enable DM reads to successfully load in the post NEXUS arrangements.

It is prudent that making changes to existing arrangements can only commence once these issues have been successfully addressed. This has impacted on putting in place third party services and scheduling the replacement of in-situ DM Reading equipment with competitive Automated Meter Reading Equipment.

For the avoidance of doubt this modification will not affect parties' ability to transfer arrangements ahead of the deadline.

## 4 Code Specific Matters

### Reference Documents

None identified.

### Knowledge/Skills

No specific skills or knowledge are necessary.

## 5 Solution

It is proposed that the Transition Document Part IIF – Nexus Implementation is amended to replace the current 6 month deadline with 10 months.

Suggested Legal Text has been provided in section 9 below.

## 6 Impacts & Other Considerations

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

No impact

### Consumer Impacts

This modification will support the orderly migration of non-mandatory DM Class 1 sites and reduce the risk of large number of sites automatically defaulting into Class 4 due to time constraints around scheduling and installing third party Automated Meter Reading solutions required to enable Class 2 & 3 choice following completing the remedial work arising from NEXUS implementation.

This will ensure that the process of replacing meter reading equipment at Consumers sites can be facilitated in a timely fashion and not undertaken in a time constrained manner

Defaulting to Class 4 would mean Supply Points fall out of the Daily Metered Regime which may be to the detriment of consumers who may wish to enjoy a contiguous DM service.

From a broader industry perspective the automatic transfer of existing DM sites to Class 4 (NDM) will reduce the level of accuracy in the UIG process as it will remove large volumes of DM read information from the market.

## Cross Code Impacts

None identified

## EU Code Impacts

None identified

## Central Systems Impacts

We expect there will be no material impact on central systems

## 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: (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.	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

This modification will support the orderly migration of non-mandatory DM Class 1 sites and reduce the risk of large number of sites automatically defaulting into Class 4 due to time constraints around scheduling and installing third party Automated Meter Reading solutions required to enable Class 2 & 3 choice following completing the remedial work arising from NEXUS implementation.

This will ensure that the process of replacing meter reading equipment at Consumers sites can be facilitated in a timely fashion and not undertaken in a time constrained manner

Defaulting to Class 4 would mean Supply Points fall out of the Daily Metered Regime which may be to the detriment of consumers who may wish to enjoy a contiguous DM service.

From a broader industry perspective the automatic transfer of existing DM sites to Class 4 (NDM) will reduce the level of accuracy in the UIG process as it will remove large volumes of DM read information from the market.

This modification ensures that by taking corrective action the unforeseen disruption and detriment created as a result of issues arising from the implementation of Project NEXUS will be minimised, so furthering relevant objective (d) *Securing of effective competition between Shippers*.

## 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.

Implementation is required as soon as possible, and ahead of the current deadline of 1st December 2017

## 9 Legal Text

### Suggested Text

The Transition Document Part IIF – Nexus Implementation shall be amended as follows:

5.2.2 In respect of each Supply Meter Point which on the Last Pre-Nexus Day is classified as a DM Supply Meter Point with Transporter Daily Read Equipment installed pursuant to an election by the Registered User:

(a) subject to paragraph (b), with effect from the Implementation Date, the Supply Meter Point shall be in Class 1;

(b) unless by the date falling **ten six (610)** months after the Implementation Date (“**relevant date**”) the Supply Point:

(i) becomes in Class 1 because the Class 1 Requirement applies; or

(ii) is re-classified as Class 2, 3 or 4 pursuant to an election by the Registered User,

the Supply Meter Point shall be re-classified in Class 4 with effect from a date, no later than one (1) month after the relevant date, determined by the CDSP.

## 10 Recommendations

### Proposer's Recommendation to Workgroup

Workgroup is asked to:

- Assess the Modification and agree it is sufficiently developed to be issued to consultation..