

UNC Workgroup Report	At what stage is this document in the process?
<h1>UNC 0625:</h1> <h2>Extension of 6 months to 12 months to transfer non-mandatory sites from Class 1</h2>	<div style="display: flex; flex-direction: column; gap: 5px;"> <div style="border: 1px solid #ccc; padding: 5px; display: flex; align-items: center; gap: 10px;"> 01 Modification </div> <div style="border: 1px solid #ccc; padding: 5px; display: flex; align-items: center; gap: 10px;"> 02 Workgroup Report </div> <div style="border: 1px solid #ccc; padding: 5px; display: flex; align-items: center; gap: 10px;"> 03 Draft Modification Report </div> <div style="border: 1px solid #ccc; padding: 5px; display: flex; align-items: center; gap: 10px;"> 04 Final Modification Report </div> </div>
<p>Purpose of Modification:</p> <p>This modification proposes to extend the current 6 month deadline for moving non mandatory DM sites from Class 1 to 10 months 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 Workgroup recommends that this modification should be:</p> <ul style="list-style-type: none"> • subject to self-governance • considered a material change and not subject to self-governance • proceed to Consultation <p>The Panel will consider this Workgroup Report on 19 October 2017. The Panel will consider the recommendations and determine the appropriate next steps.</p>
	<p>High Impact:</p> <p>Shipper Users, Transporters and CDSP</p>
	<p>Medium Impact:</p> <p>Shipper Users, Transporters and CDSP</p>
	<p>Low Impact:</p> <p>None</p>

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Timetable		
Modification timetable:		
Initial consideration by Workgroup	24 August 2017	
Amended Modification considered by Workgroup	28 September 2017	
Workgroup Report presented to Panel	19 October 2017	
Draft Modification Report issued for consultation	19 October 2017	
Consultation Close-out for representations	06 November 2017	
Final Modification Report available for Panel	07 November 2017	
Modification Panel decision or recommendation	08 November 2017	
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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 1st 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 (31st 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 an additional 4 month extension would 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 Self-Governance, Authority Direction or Urgency

Panel determined the modification is likely to have a material effect on either existing or future gas consumers because it extends the existing arrangements for DMV consumers who are currently in Class 1 which should be reclassified as Class 2, 3 or 4 sites. This is likely to have a transitional effect on competition between Shippers as it would impact the allocation of unidentified costs.

Modification 0625 will therefore follow Authority Direction procedures.

Requested Next Steps

This modification should:

- be considered a non-material change and subject to self-governance
- be considered a material change and not subject to self-governance
- proceed to Consultation

Rationale for requested next steps inserted here

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 1st 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.

Consumer Impact Assessment

Criteria	Extent of Impact
Which Consumer groups are affected?	<ul style="list-style-type: none"> • Domestic Consumers • Small non-domestic Consumers • Large non-domestic Consumers • Very Large Consumers
What costs or benefits will pass through to them?	Insert text here
When will these costs/benefits impact upon consumers?	Insert text here
Are there any other Consumer Impacts?	Insert text here

Cross Code Impacts

No impacts identified.

EU Code Impacts

No impacts identified.

Central Systems Impacts

Insert text here

Workgroup Impact Assessment

Insert text here

Rough Order of Magnitude (ROM) Assessment

Insert text here

OR

Rough Order of Magnitude (ROM) Assessment *(Workgroup assessment of costs)*

Cost estimate from CDSP	Insert text here
Insert Subheading here	Insert text here

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	None

(i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters.	
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.	Impacted
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

Some participants consider this modification should 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. However, others felt the changes proposed allow DMV sites to avoid being allocated unidentified gas for a longer period of time and that these costs would be then be allocated to other Shippers which would have a negative impact on competition.

Some participants considered this modification would further relevant objective f), as it would facilitate the orderly transfer of DMV sites from Class 1 to another Class by allowing parties more time to correct the current issues with the DM read submission process following Nexus implementation and then for them to arrange for the replacement of Transporter daily read equipment.

8 Implementation

No implementation date is proposed. However, it is anticipated that implementation would occur prior to expiry of transitional period for the transfer of DMV sites from Class 1 which is currently set as 01 December 2017.

Suggested wording for Self-Governance Modifications:

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.

9 Legal Text

Insert Proposers Suggested Legal Text where provided and not superseded by Transporters Text.

Legal text will be drawn up by the relevant Transporter at a time when the modification is sufficiently developed in line with the [Legal Text Guidance Document](#).

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.

Legal Text has been provided by [name] and is [included below/published alongside this report]. The Workgroup has considered the Legal Text and is satisfied that it meets the intent of the Solution.

Text Commentary

Insert text here

Text

Insert text here

10 Recommendations

Workgroup’s Recommendation to Panel

The Workgroup asks Panel to agree that:

- This [self-governance] modification should proceed to consultation.
- This proposal requires further assessment and should be returned to Workgroup.