

UNC Final Modification Report		At what stage is this document in the process?
<h1>UNC 0602 0602A:</h1> <h2>Implementation of Non Effective Days and Variant Non-Business Days for Project Nexus Implementation, maintaining a minimum of two Supply Point System Business Days (Project Nexus transitional modification)</h2>		<div style="display: flex; flex-direction: column; gap: 5px;"> <div style="border: 1px solid #ccc; border-radius: 5px; padding: 5px; display: flex; align-items: center;">01 Modification</div> <div style="border: 1px solid #ccc; border-radius: 5px; padding: 5px; display: flex; align-items: center;">02 Workgroup Report</div> <div style="border: 1px solid #ccc; border-radius: 5px; padding: 5px; display: flex; align-items: center;">03 Draft Modification Report</div> <div style="border: 1px solid #ccc; border-radius: 5px; padding: 5px; display: flex; align-items: center; background-color: #f4a460;">04 Final Modification Report</div> </div>
<p>Purpose of Modification:</p> <p>This Modification Proposal identifies the arrangements relating to the requirement for ‘non-effective days’ and ‘variant non-Business Days’ to enable an orderly and efficient transition from current UNC arrangements to the UNC regime identified within UNC Modifications 0432, 0434 and 0440.</p> <p>In addition, this alternative modification proposes to maintain a minimum of two days with which to raise a Supply Point Objection.</p>		
	The Panel recommended implementation of Modification 0602A	
	The Panel did not recommend implementation of Modification 0602	
	High Impact: Large Transporters and Shipper Users	
	Medium Impact: None	
	Low Impact: None	

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Timeline			
Modification timetable:			andy.clasper@nationalgrid.com
Initial consideration by Workgroup	05 January 2017		 01926 655299
Workgroup Report presented to Panel	19 January 2017		Systems Provider: Xoserve
Draft Modification Report issued for consultation	19 January 2017		
Consultation Close-out for representations	09 February 2017		commercial.enquiries@xoserve.com
Final Modification Report available for Panel	10 February 2017		Other: David Addison
Modification Panel decision	16 February 2017		
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1 Summary

What

To enable a smooth and efficient transition to the new supporting systems it is necessary to set out terms within the Uniform Network Code (UNC) Transition Document (TD) which identify the dates when the UK-Link System will not be available for transactions and processes as identified within the UNC.

Why

As part of the UK-Link Replacement Programme that incorporates the Project Nexus requirements, UNC Modifications 0432, 0434 and 0440 will be implemented on the Project Nexus Implementation Date (PNID). As a consequence, some elements of the UK-Link system will not be available for a period of time to enable critical activities such as data migration and recovery to be supported. Clarity in respect of the above would facilitate a smooth, transparent and efficient implementation of the UK-Link System and transition for interfacing systems for other industry participants'.

How

This modification identifies a series of non-effective days when the relevant systems would be taken off-line and variant non-Business Days when UK-Link Systems shall be subject to additional support measures impacting transaction processing.

2 Governance

Justification for Authority Direction

Self-Governance procedures are not requested because, in certain scenarios, it is possible that changes of Supplier and corresponding Shipper may not be completed within the timescales set out in Supplier's Standard Licence Condition 14A (see 'Consumer Impacts' in section 6 below for more information). This may have an impact on gas consumers.

The Modification Panel determined that Self-Governance procedures were not suitable as this Modification could have a material impact on Competition as it could allow erroneous transfers to take place or delay transfers and thereby impact consumer confidence in the switching process.

Requested Next Steps

This modification should:

- not be subject to self-governance
- proceed to Consultation

The Workgroup agrees with the Modification Panels view on Self Governance as these modifications could have a material impact on Competition as they could delay transfers and thereby impact consumer confidence in the switching process.

The Workgroup requests Panel to issue these modifications to consultation as they will provide certainty on the number of Non Effective Days and Variant Non-Business Days required for Project Nexus.

3 Why Change?

Modification 0532 (Implementation of Non Effective Days (Project Nexus transitional modification)) was previously raised to provide for a number of UNC non-effective days prior to PNID being 1st October 2016. Due to the PNID changing to 1st June 2017, 0532 became defunct and was therefore rejected by Ofgem. It is necessary to provide for a series of UNC non-effective days and variant non-Business Days to facilitate 'cutover' to the new systems being introduced by the Transporters Agency, Xoserve, under the UK-Link Replacement Programme.

For the purposes of clarity it is important to distinguish a non-effective day and a variant non-Business Day from a non-Business Day. A non-Business Day is reflected within the exceptions described within Transportation Principal Document (TPD) Sections G1.10 - i.e. those Days which are other than a Business Day. Shipper Users may continue to submit Supply Point Administration (SPA) files on non-Business Days but any such files would not be processed. In contrast, all UK-Link systems activity concerned with TPD Sections G and M, in particular that associated with updates to the Supply Point Register are typically suspended on a non-effective day. In contrast, Code Communication and UK-Link system activity will be taking place during the variant non-Business Days but it is proposed that these shall not be counted as Business Days for the activity concerned with TPD Sections G and M.

To enable implementation of the UK-Link Replacement Programme in line with the revised PNID of 1st June 2017 it is essential that a number of non-effective days and variant non-Business Days are introduced in to the UNC TPD.

Extension of the prevailing timescales relating to Change of Supplier process may impact the consumer experience. The certainty that is afforded by the establishment of non-effective days and variant non-Business Days mitigates the likelihood of confusion or misunderstanding arising with respect to the Supplier switching process.

The absence of the clarity that this modification would provide could adversely affect timely implementation of the UK-Link Replacement Programme at PNID.

0602A

It is proposed that a minimum of two (2) Supply Point System Business Days is maintained to provide suppliers sufficient time to manage their objections processes for those customers where a Shipper objects at their request. This reduces both the commercial risk to Shippers as well as the risk of some customers needing to be Erroneously Transferred. In addition, this approach would give Shippers the option to use the prior weekend period for the decommissioning of legacy interfaces and the implementation of updated systems.

4 Code Specific Matters

Reference Documents

Detailed planning for UK-Link systems transition will take place in the TPG. Papers are available here. (Note: This group does not meet under UNC governance and the link below is provided for information only)

<http://www.xoserve.com/index.php/our-change-programme/uk-link-programme/uk-link-programme-workstream-updates/uk-link-programme-transition/>

The Low Level Transition Design will be base-lined through the Transition Process Group (TPG). This document (available at the link above) defines the impact to file transfers.

Knowledge/Skills

The proposed definition of non-effective days and variant non-Business Days would impact TPD Sections G and M of the UNC. As such it is recommended that the UNC Distribution Workgroup – whose familiarity with such sections would make it best placed to develop this modification given members' knowledge of the 'retail' related elements of the UNC.

5 Solution

Modification of the UNC is required to identify and incorporate a number of non-effective days and variant non-Business Days within the UNC Transition Document (TD).

It is proposed that nine (9) non-effective days and three (3) variant non-Business Days are introduced.

In addition 0602A proposes a minimum of two (2) Supply Point System Business Days is maintained.

Definition of non-effective days

Non-effective days are defined by the modifications, which introduced them.

The non-effective day period is proposed to be 23rd May 2017 to 31st May 2017 inclusive. This period of nine non-effective days prior to PNID would have the following features:

- Such days would not constitute UNC Business Days or Supply Point System Business Days.
- No Supply Point Confirmations can be submitted.
- No revision of the Supply Point Register can be made, including those defined in Annex G-1 'Revisions to Supply Point Register not Requiring Reconfirmation'.
- None of the following Code Communications may be made: Supply Point Enquiry, Supply Point Nomination, Supply Point Offer, Supply Point Confirmation, Supply Point Objection, Supply Point Withdrawal, request for Isolation, application to increase or reduce Supply Point Capacity, Amend Supply Point Offtake Rate, Revisions to Annual Quantity or NDM Meter Reading and Meter Information Notifications and Meter Information Update Notifications.
- No communication (under the Code or any other contract between the Transporters and Users) pursuant to which Transporters would be required to revise the Supply Point Register (being the Sites and Meters database), may be made.
- The above suspensions shall also apply with respect to Supply Points known as 'unique sites', including Shared Supply Points and including the Notification and Allocation processes associated with such sites,
- Daily Metered 'mandatory site' (DMM) liability relief is sought.
- Liability relief related to the processes described above being subject to the non-effective days i.e. Supply Point Offers, Supply Point Nominations (specifically Referrals) and updates to the Supply Point Register where the Meter Installation Works is completed by the Transporter.
- Liability relief is required for the relevant period with respect to Query Resolution for Invoicing and Operational Queries.
- Liability relief related to non-availability of UK-Link Systems (TPD Section U 7.6.7(c)) – specifically associated with non-availability of the Batch Transfer and systems and processes

defined as unavailable or subject to an outage notification would be sought through UK-Link Committee as defined in TPD Section U.

Definition of variant non-Business Days

The period of variant non-Business Days would include the PNID of 1st June 2017 and the two subsequent days that would have otherwise been Supply Point System Business Days being 2nd June and 5th June 2017.

These variant non-Business Days would have the following features¹:

- Such days would not constitute UNC Business Days or Supply Point Business Days.
- Supply Point Confirmations can be submitted.
- The variant non-Business Days are expected to apply to UNC TPD Sections G and M. Communications may be made by Users to Transporters: Supply Point Enquiry, Supply Point Nomination, Supply Point Offer, Supply Point Confirmation, Supply Point Objection, Supply Point Withdrawal, request for Isolation, application to increase or reduce Supply Point Capacity, Amend Supply Point Offtake Rate, Revisions to Annual Quantity or NDM Meter Reading and Meter Information Notifications and Meter Information Update Notifications.
- Communications may be made by Transporters to Users, including response files to the above.
- Liability relief related to the processes described above being subject to the variant non-Business Day i.e. Supply Point Offers, Supply Point Nominations (specifically Referrals) and updates to the Supply Point Register where the Meter Installation Works is completed by the Transporter.
- Liability relief is also required for the period with respect to Query Resolution for Invoicing and Operational Queries.
- Liability relief related to non-availability of UK-Link Systems (TPD Section U 7.6.7 (c)) – specifically associated with non-availability of the Batch Transfer and systems and processes defined as unavailable or subject to an outage notification would be sought through UK-Link Committee as defined in TPD Section U.

0602 - Extension to Minimum Confirmation timescales to enable one day period for Supply Point Objections

During preliminary discussions of this Modification Proposal Users have indicated that they would require a minimum of one day with which to raise a Supply Point Objection, which could only be accommodated by extending the minimum Confirmation timescale. Without extension of the minimum Confirmation timescale the incumbent User would not have an opportunity to raise a Supply Point Objection.

The proposal for three (3) variant non-Business Days, in addition to the nine (9) non-effective day period, means that for certain Supply Point Registration Dates the incumbent User would not have any opportunity to this day to raise a Supply Point Objection where the proposing User provides the minimum Confirmation timescale as set out in UNC G 2.5.8(b).

For the PNID of 1st June 2017, this Supply Point Registration Date range is between 1st and 8th June 2017.

The below table sets out the confirmation submission deadline were it not for the Project Nexus Implementation Date and the amended deadline taking account of Project Nexus Implementation whilst preserving a one day period with which to raise a Supply Point Objection.

It is highlighted that for the Supply Point Registration Date of 8th June 2017 where a proposing Shipper submits a Confirmation request with the minimum Confirmation timeline (by Sunday 21st May 2017) the Objection notification will be issued to the incumbent Shipper on Monday 22nd May 2017 no earlier than 1200hrs. The Objection must be received by the CDSP by 2300hrs on 22nd May 2017.

Supply Point Registration Date	Confirmation submission deadline (normal operation)	Confirmation submission deadline (extended Confirmation timescale)
1 st June 2017	18 th May 2017	17 th May 2017
2 nd June 2017	19 th May 2017	17 th May 2017
3 rd June 2017	20 th May 2017	17 th May 2017
4 th June 2017	21 st May 2017	17 th May 2017
5 th June 2017	22 nd May 2017	17 th May 2017
6 th June 2017	23 rd May 2017	18 th May 2017
7 th June 2017	24 th May 2017	21 st May 2017

Sample timelines are provided in appendix 1 to illustrate the timeline around a Change of Registered User event and PNID.

0602A - Extension to Minimum Confirmation timescales to enable two day period for Supply Point Objections

During preliminary discussions of this Modification Proposal Users indicated that they would require a minimum of one day with which to raise a Supply Point Objection, which could only be accommodated by extending the minimum Confirmation timescale. In addition, Users have advocated the merits of utilising the weekend prior to decommission the Legacy UK-Link System interfaces and implement their solutions to interface with the UK-Link System following the UK-Link Programme implementation. In order to achieve this, Users have advocated that the period within which to raise a Supply Point Objection must be at least two Supply Point System Business Days.

The proposal for three variant non-Business Days, in addition to the nine non-effective day period, means that for certain Supply Point Registration Dates the incumbent User would not be afforded a two Supply Point System Business Day period to raise a Supply Point Objection where the proposing User provides the minimum Confirmation timescale as set out in UNC G 2.5.8(b).

For the PNID of 1st June 2017, this Supply Point Registration Date range is between 31st May and 9th June 2017.

In order to accommodate this two

The below table sets out the confirmation submission deadline were it not for the Project Nexus Implementation Date and the amended deadline taking account of Project Nexus Implementation whilst preserving a one day period with which to raise a Supply Point Objection.

It is highlighted that for the Supply Point Registration Date of 8th June 2017 where a proposing Shipper submits a Confirmation request with the minimum Confirmation timeline (by Sunday 21st May 2017) the Objection notification will be issued to be extended as follows the incumbent Shipper on Monday 22nd May 2017 no earlier than 1200hrs. The Objection must be received by the CDSP by 2300hrs on 22nd May 2017.

Supply Point Registration Date	Confirmation submission deadline (normal operation)	Confirmation submission deadline (extended Confirmation timescale)
31st May 2017	17th May 2017	16th May 2017
2nd June 2017	19th May 2017	16th May 2017
3rd June 2017	20th May 2017	16th May 2017
4th June 2017	21st May 2017	16th May 2017
5th June 2017	22nd May 2017	16th May 2017
6th June 2017	23rd May 2017	16th May 2017
7th June 2017	24th May 2017	17th May 2017
8th June 2017	25th May 2017	18th May 2017
9th June 2017	26th May 2017	21st May 2017*

*In order to ensure that UK-Link may process such transactions consistently, the earliest Supply Point Registration Date that may be requested on 19th May 2017 shall be 9th June 2017.

Sample timelines are provided in appendix 1 to illustrate the timeline around a Change of Registered User event and PNID.

6 Impacts & Other Considerations

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

These Modifications impact the industry programme for replacement of the UK-Link system. This is because it is necessary to make provision in the UNC for activities (such as those associated with Supply Point Administration) where non-availability of the UK-Link system has a direct consequence for Shipper Users, Suppliers and ultimately consumers.

It is essential to the success of the UK-Link Replacement Programme (Project Nexus).

Consumer Impacts

Consumer Impact Assessment

(Workgroup assessment of proposer initial view or subsequent information)

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?	None - as these modifications facilitates the implementation of the UK-Link Replacement Programme systems (Project Nexus), it is assumed that no direct costs will be passed through to consumers.
When will these costs/benefits impact upon consumers?	Not applicable.
Are there any other Consumer Impacts?	Potential consumer impacts are detailed in the Workgroup Impact Assessment below.

These modifications proposes a total of nine (9) non-effective days and three (3) variant non-Business Days. If the minimum Confirmation timescales are used the incumbent User would not have an opportunity to raise a Supply Point objection; Users have requested a minimum of one day with which to raise any objections. In order to accommodate this objection period the minimum Confirmation timescale would need to be extended.

With respect to the 1st June 2017 PNID, the period where Users may not submit Code Communications shall mean that Users need to submit Confirmations by 22nd May 2017 where the Supply Point Registration Date is 9th to 14th June 2017/10th to 14th June 2017.

This potentially impacts consumers as switches for the Supply Point Registration Date range of [6th to 8th June 2017](#) and 12th to 14th June 2017 cannot be completed within the timescales set out in Supplier's Standard Licence Condition 14A: 'Customer Transfer' which requires gas suppliers to ensure that customer transfers can take place within three weeks of the contractual cooling-off period ending. Confirmations must be submitted by Monday 22nd May 2017 for the above Supply Point Registration Date range.

Cross Code Impacts

Equivalent modifications to the iGT UNC have been raised (iGT UNC092/092A). While not part of formal UNC governance these modifications were considered in parallel with this Workgroup.

No impacts have been identified to any other Codes.

EU Code Impacts

None identified.

Central Systems Impacts

These Modifications are essential for the implementation of the UK-Link Replacement Programme (Project Nexus).

Workgroup Impact Assessment

Some participants were concerned that the number of NEDs and Variant Non Business Days proposed in both modifications exceeded those planned previously for Nexus implementation in October 2016. However, it is understood that these days are required to allow for the successful implementation of Nexus systems and that this would justify the additional days required and potential impacts on consumer switching.

It was noted that should Shippers take systems offline the weekend ahead of 22nd May, this may create an additional backlog of files which need to be processed by central systems once systems go live. This was considered to be a programme issue, although it was confirmed that no additional non variant business days would be required to manage this risk.

Participants noted that the Project Nexus Steering Group (PNSG) had considered in some detail the activities that were driving this modification and were supportive of the need for 9 NEDs plus the 3 variant non-business days.

It was noted that erroneous transfers can cause significant increases in workload and processing costs and significant disruption to the specific consumer concerned. It was suggested that it might take around 6 weeks to correct an erroneous transfer back to the pre transfer position.

It was noted that the number of NEDs and Variant Non Business Days would be fewer to support 01 July 2017 implementation. However, this on its own would not justify the delay of implementation of Nexus systems by 1 month.

The workgroup considered both modifications and highlighted the main differences as follows:

0602

Offers the benefits of the least disruption to the 21 days switching obligations for Suppliers as these will be impacted on a total of 3 days across the implementation period. However, this modification is likely to be a more technically involved system solution requiring industry participants to make changes to their own processes or systems to manage the changes to the objection window.

0602A

Offers the benefits of reducing the risk of erroneous transfers by maintaining a minimum of two days objection window. It also offers a more simplistic approach to implementation as there will be no need to amend User systems to cater for a 1 day or less objection window. However, this will result in an increase in the number of impacted days (6 days) where a consumer may not be able to switch Supplier with 21 days.

There were concerns raised that consumers may not be able to enjoy the full benefits of switching to a new tariff where 21 day switching obligations cannot be met. In the worst case this impact could be up to 3 days loss of benefit for an individual Consumer. This impact would apply to 6 switching days. Previous analysis suggests this could impact up to 48,000 consumers.

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.	n/a
Proposed charge(s) for application of User Pays charges to Shippers.	n/a
Proposed charge for inclusion in the Agency Charging Statement (ACS) – to be completed upon receipt of a cost estimate from Xoserve.	n/a

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.	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

Given that an effect of these Modifications could be to extend the timescales for the transfer of a Supply Point registration by a Shipper User within the transition period, there could be a minor effect on competition between Shippers and between Suppliers. This has an impact on relevant objective d) Securing of effective competition between Shipper Users. However, this impact should be considered against the positive impacts provided by the implementation of UK-Link Replacement Programme (Project Nexus).

These Modifications would enable the implementation of the UK-Link Replacement Programme (Project Nexus). The measures identified can therefore be expected to facilitate relevant objective f) 'Promotion of efficiency in the implementation and administration of the Code as it would allow for the successful migration of industry data and implementation of Nexus systems.

Modification 0602A proposes to maintain a minimum of two days with which to raise a Supply Point Objection to reduce the risk to consumers that objections cannot be made. Retention of this two day period affords Shippers Users the opportunity to manage System Implementations in a manner consistent with other large scale implementations and to facilitate relevant objective f) 'Promotion of efficiency in the implementation and administration of the Code.

8 Implementation

These Modifications could be implemented upon direction and it would be desirable if this Modification were implemented as soon as possible and by no later than 1st March 2017 to add certainty to the transition process for the UK-Link replacement programme.

9 Legal Text

Legal Text is to be provided by National Grid Gas Distribution and is published alongside this report. The Workgroup has considered the Draft Legal Text.

Text Commentary

Text commentary will be provided in due course and is to be published alongside this report.

Text

Legal Text will be provided in due course and is to be published alongside this report.

10 Consultation

Panel invited representations from interested parties on 19 January 2017. 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.

Modification 0602

Of the 12 representations received, 1 supported implementation, 2 offered qualified support, 7 were not in support and 2 provided comments.

Modification 0602A

Of the 12 representations received, 10 supported implementation and 2 offered qualified support.

Preference expressed

Of the 12 representations received, 10 expressed a preference for **0602A** and 2 did not express a preference for either modification.

Representations were received from the following parties:				
Organisation	Response	Prefer	Relevant Objectives	Key Points
British Gas	<p>0602 Oppose</p> <p>0602A Support</p>	0602A	<p>d - positive</p> <p>f - positive</p>	<ul style="list-style-type: none"> • Opposes 0602 as the CDSP has communicated a concern that there is a significant delivery risk to Nexus with this solution. Reducing the system switch period from 4 to 3 days will require a core system code change. • Feels this will also require all market participants to make system changes, which adds cost, complexity to the already complex and time constrained Nexus implementation timescales. The industry must avoid a solution that poses a significant risk to Nexus implementation. • Believes the solution does not meet the requirement for allowing Shippers 1 day for objections. Objections are there to protect customers and this could result in Erroneous Transfers. Notes that Xoserve has confirmed for some days the objection will be less than 1 day and IGTs have confirmed that for some days no objection window will be possible. • Supports 0602A, as the solution can be supported by the CDSP, IGTs and Shippers without extensive system changes. This is therefore a lower cost solution for the whole industry and this solution does not pose a significant risk to the Project Nexus June implementation. • Notes the solution meets the requirement for parties to have at least one day for objections, which will ensure customers are less likely to fall into the Erroneous Transfer process. This avoids delays to ET customer switches and reduces costs. Provides analysis to support views and concerns in relation to Erroneous Transfers. • Agrees modifications should not be self-governance, as they will have a material impact on consumers. • Implementation should be as soon as possible. • Notes that 0602 will require system changes, whereby 0602A does not. Therefore, 0602A

				<p>is more cost effective to deliver.</p> <ul style="list-style-type: none"> Notes that Supplier's Standard Licence Condition 14A, places an obligation on Suppliers to ensure a domestic Change of Supply is completed within three weeks. Modification 0602 results in maximum switching timescales being extended on 3 days and 0602A results in maximum switching timescales being extended on 6 days. Considers the impact to consumers should be considered and provides own views and analysis. Believes most parties; including consumers will understand that a smooth transition to a new IT system is a price worth paying, as opposed to a messy transition where the system implementation is further delayed or non-functioning after go-live.
Citizens Advice	<p>0602 Comments</p> <p>0602A Qualified Support</p>	0602A	<p>d - temporary negative impact during implementation but after implementation – positive</p> <p>f - positive</p>	<ul style="list-style-type: none"> Prefers proposal 0602A, whilst noting the long-term positive effect on competition of Project Nexus implementation. Has concerns regarding the short-term impact on switching as a result of the long cutover period. Also feels the impacts of the cutover period on consumers did not receive sufficient scrutiny during development of the modification. Regrets the impacts both proposals are likely to have on the consumer switching timetables. Feels that the decision was taken elsewhere and is simply being implemented through these proposals. Feels in the context of the long cutover period, the addition of either one or two objection days is a relatively minor marginal additional impact. Believes taking 2 days to process objections may be merited given the desire to avoid erroneous transfers as Project Nexus goes live. Awaits further representations from Xoserve on the implementability of Modification 0602. Feels on the basis of information supplied to Panel on January 19th, that the likely additional costs of implementing 0602 in comparison to 0602A do not justify the partial benefit of one fewer day in the cutover transition period.
EDF Energy	<p>0602 Oppose</p> <p>0602A Support</p>	0602A	<p>d – positive</p> <p>f – positive</p>	<ul style="list-style-type: none"> Opposes 0602. Supports 0602A and believes it would better meet the relevant objectives as it is in the interest of consumers. Understands Xoserve has indicated that they could deliver the requirements of 0602A without the need for significant change to the

				<p>system design but they would be unable to deliver the requirements of 0602 without it presenting significant risk to the timely delivery of the Nexus solution.</p> <ul style="list-style-type: none"> • Agrees that 0602 would deliver the required Non Effective and Variant Non Business Days but would not be able to deliver the minimum 1 day required for Shippers to manage supply transfer objections. Understands from Xoserve that 0602 would allow, at best, a 5 hour window to manage objections. This is not manageable and this therefore presents an increased risk to customers of Erroneous Transfers (ET). • Considers 0602A would provide Shippers with a 2 day window in which to manage objections, which is reasonable and minimises the risk of ET's to consumers. • Agrees should not be classed as Self-Governance. • Implementation as soon as possible. • Xoserve has indicated that 0602 would require Shippers to make changes to their Nexus design. It is not reasonable or acceptable to add any further cost or delay to the Nexus delivery. • Based on understanding of 0602A, which assumes no additional system change is required; as the costs would already be factored into the overall Nexus delivery plan. • Considers that 0602A will allow Shippers to better plan the lead in and cut over phase of the delivery by providing the option to control the flow of information into UK Link and potentially minimising the impact to our BAU operations by allowing Shippers to choose to cut-over systems during a weekend.
E.ON Energy Solutions Ltd	<p>0602 Qualified Support</p> <p>0602A Qualified Support</p>	Neither	d - negative f – neutral	<ul style="list-style-type: none"> • Notes no preference is expressed for either 0602 or 0602A modifications as both are deficient. • Considers 0602 provides a shorter objection window for the Supplier to manage the conversation with the customer, but an issue overlooked by Xoserve in the original assessment means that this modification is unlikely to be delivered within the time-frame required and therefore isn't capable of being implemented. • Feels 0602A maintains the standard minimum window for objections, however, Xoserve advised on the 8th February in the Change Manager's meeting that there is a meaningful risk of them being unable to bring the system back up in the time frame, due to the stated intention of a number of parties to take their systems down over the weekend

				<p>before the first NED. Therefore, believes the solution has not yet been fully confirmed.</p> <ul style="list-style-type: none"> • Observes both modifications create customer detriment in terms of certainty around switching during this period, particularly those customers who are trying to switch on the days immediately preceding the NEDs and who are impacted by objections and the ability of parties to manage erroneous and aborted transfers becomes more challenging. • Understands it is acknowledged by Ofgem that switching times may also be impacted and parties are unable to comply with the licence conditions on switching. 0602A will result in more customers' switches taking longer than those under 0602. • Would not expect the decision to be a self-governance modification as these modifications will have an impact on Shipper's and Supplier's licence compliance, customer switching timescales and on Nexus delivery. • Observers no assessment of costs have been conducted for this outside of the Nexus Programme. • Agrees the Legal Text for 0602 is acceptable. • Feels the Legal Text 0602A is not satisfactory as the risk identified subsequent to the conclusion of the draft workgroup report regarding the impact of catch-up work required. • Has concerns as to what happens if Xoserve require additional VnBDs due to the 0602A solution and the potential of parties to start the cut-over activities over the weekend prior to the first NBD, as Xoserve have now revised their views on their ability to complete the catch-up in the number of VnBDs set out in the report and in the legal text.
First Utility	<p>0602 Qualified Support</p> <p>0602A Support</p>	0602A	<p>d - None f - positive</p>	<ul style="list-style-type: none"> • Supports the intentions of both modifications and believes they will fulfil the relevant objectives of the UNC. • Concerns regarding the limited objection window defined within 0602. • Prefers 0602A as the 2 day objection window defined within 0602A offers more assurance to Shippers that the objections process will operate with limited risk and help ensure Erroneous Transfers will be kept to a minimum. • Expects to see more Erroneous Transfers through the Non-Effective Day period if 0602 is implemented. This would have a detrimental impact on consumers and likely adversely affect their confidence in the

				<p>industry.</p> <ul style="list-style-type: none"> • Would prefer an immediate decision to allow sufficient time to ensure processes are aligned in readiness for Project Nexus Implementation Date.
National Grid Gas Distribution	<p>0602 Comments</p> <p>0602A Support</p>	0602A	<p>d – positive f - positive</p>	<ul style="list-style-type: none"> • Recognises that Modification 0602 will enable an efficient transition to the new UK Link systems, maintaining a Shipper User Supply Point objection ‘window’ of a minimum of one day whilst minimising any consumer impact. • However, notes it has recently become apparent that Xoserve’s ability to implement 0602 in a timely manner was in some doubt as the industry was advised that unforeseen additional system amendments would be required. • Understands Xoserve further identified that it would not be possible to implement such changes in time for the Project Nexus implementation Date (PNID) on 1st June 2017. • Supports 0602A as it provides for a minimum of 2 Supply Point System Business Days to allow Shipper Users adequate time to process Supply Point objections although this may extend overall timescales for the transfer of a Supply Point registration. • Notes that 0602A can be implemented at PNID as the UK Link changes required are to a parameterised field only. • Agrees with the implementation timescales identified. • Agrees the Legal Text for both 0602 and 0602A delivers the intent of the solutions.
National Grid NTS	<p>0602 Oppose</p> <p>0602A Support</p>	0602A	<p>f – positive (0602A)</p>	<ul style="list-style-type: none"> • Does not support 0602 due to the representation submitted by Xoserve dated 6th February 2017 confirming that 0602 cannot be implemented without adversely impacting the ability to meet the existing planned implementation date for new UK Link systems. • Supports 0602A and implementation as it would provide such certainty and on this basis as it would better facilitate relevant objective f). • Values certainty in respect of the transitional arrangements to apply for the implementation of new UK Link systems (currently planned for 1st June 2017). • Agrees that it is appropriate for Ofgem to make a determination in respect of these Proposals. • Would welcome certainty in respect of implementation of new UK Link systems as

				<p>soon as possible.</p> <ul style="list-style-type: none"> • Would not incur costs regarding implementation of 0602A. • Notes given the statement from Xoserve that implementation of 0602 would adversely impact the ability to meet the currently scheduled implementation date for new UK Link systems, it is highly probable implementation of this Proposal would expose National Grid NTS to a level of additional costs. These will be incurred as a consequence of the need for an extended system development programme to address a deferred implementation date. • Agrees that the legal text delivers the intent of the respective solutions. • Believes that the Modification Report should additionally reflect the new information Xoserve has provided in its representation regarding the impacts of implementing Modification Proposal 0602 or 0602A on the implementation date for new UK Link systems.
npower	<p>0602 Oppose</p> <p>0602A Support</p>	0602A	<p>d – positive f - positive</p>	<ul style="list-style-type: none"> • Agrees that both Modifications 0602 and 0602A would deliver the required Non Effective Days and Variant Non Business Days for the successful implementation of Project Nexus on 1st June 2017. • Opposes 0602 but supports 0602A as it introduces a minimum of two days to object, rather than the one day associated with Modification 0602. Believes by increasing the objection window to a minimum of two days, that this would help to reduce erroneous transfers over the cut-over period. • Understands Ofgem recently presented that across the industry, circa 0.8% of all sales are normally successfully objected to as a result of customer requests. Only allowing one day to object is likely to increase the risk of a significant number of these objections becoming Erroneous Transfers. • Recognises 0602A will enable shippers that wish to shut their systems down in an orderly manner at the weekend, in line with normal best practice release management processes, and has least risk of impacting customers. • Observes any Shippers choosing this option would be able to run automated objection processes prior to their cut-over weekend and would still be able to manually object on the 22nd May to support any customer requested objections. • Notes that at the workgroup meeting on 5th January, Xoserve indicated: that a minimum

				<p>two day objection day window, reduces the risk of their cut-over as they will not need to make code changes to legacy systems to support the change.</p> <ul style="list-style-type: none"> • Agrees these modifications should not be classed as Self-Governance. • Supports implementation by 1st April 2017 or earlier
Scotia Gas Networks	<p>0602 Oppose</p> <p>0602A Support</p>	0602A	<p>d- negative 0602</p> <p>0602A impacted</p> <p>f- positive 0602 & 0602A</p>	<ul style="list-style-type: none"> • Opposes 0602 as it requires a more technically involved system solution, which may require parties to undertake significant amendments to their processes/systems to manage a substantially reduced objection window. Understands that this cannot be delivered in time for a June Nexus implementation. • Supports 0602A as it provides for the required number of non-effective days, variant non-Business Days and Supply Point System Business Days to facilitate successful implementation of the UK-Link Replacement Programme (Project Nexus) whilst maintaining a minimum two-day objection window. • Considers both proposals impact relevant objective (d) as they create days where customers may be unable to switch within the 21day period as required by Supplier Standard Licence Condition 14A. However, impacts should be considered against the benefits of successful implementation of Project Nexus. • Consider that Modification Proposal 0602 negatively affects objective (d) as it also creates a significantly reduced objection window. • Considers that 0602A positively impacts relevant objective (f) as it represents the more simplistic implementation of the two options and allows Shippers to manage system implementation in a manner consistent with previous large scale implementations. • Agrees modifications should not be self-governance, as they will have a material impact on consumers. • Implementation should be as soon as possible and no later than 1st March 2017. • Believes the costs incurred by other industry parties is as follows: <ul style="list-style-type: none"> ○ 0602 – Would involve Shippers making changes to their systems and/or processes to accommodate an altered objection window and incurring associated costs. ○ 0602A – Is the simplest to implement and

				<p>would not require Shippers to make system changes.</p> <ul style="list-style-type: none"> • Understands Xoserve have indicated that 0602 would not provide a full one day objection window and is more likely to provide a <12 hour window but this is not expressly stated in the Draft Workgroup Report. • Observes that Xoserve provided an update to the January Modification Panel regarding the viability of implementing either proposal – due to the timing of this update this is also absent from the Modification Report.
SSE	<p>0602 Oppose</p> <p>0602A Support</p>	0602A	<p>d – positive</p> <p>f – positive</p>	<ul style="list-style-type: none"> • Opposes 0602 as it does not maintain the minimum 2 day objection window for all days and also the requirements within it cannot be fully implemented by all parties without system changes at this late stage in the process, which would make a June 2017 Project Nexus implementation far less likely. • Supports 0602A as it is necessary for cutover to the new Project Nexus arrangements and it maintains at least a 2 day window for objections for all days during the cutover period. • Agrees modifications should not be self-governance, as they will have a material impact on consumers. • Implementation as soon as possible.
Wales & West Utilities Ltd	<p>0602 Support</p> <p>0602A Support</p>	None	<p>d –negative 0602 & 0602A</p> <p>f –positive 0602 & 0602A</p>	<ul style="list-style-type: none"> • Believes both modifications are implementable and has not expressed a specific preference. • Agrees both modifications should not be self-governance, as they have a material impact on consumers. • Implementation should take place immediately following a direction and an early decision is desirable to provide certainty for industry participants. • Believes these modifications are unlikely to significantly change Project Nexus implementation costs. • Understands these modifications are required to enable the implementation of Project Nexus and therefore both are positive for relevant objective (f) (Promotion of efficiency in the implementation and administration of the Code). • Notes that there may be regulatory and competition issues with both modifications. Feels 0602 minimises the length of time that Suppliers will be in breach of their licence obligation to provide 21 calendar day switching. However, 0602A provides more time for Shippers to submit objections, which

				<p>is likely to result in fewer Erroneous Transfer</p> <ul style="list-style-type: none"> Notes that the Draft Modification Report states that for 0602 “this modification is likely to be a more technically involved system solution requiring industry participants to make changes to their own processes or systems to manage the changes to the objection window.” Recognises that it is undesirable for industry parties to have to make changes to legacy systems to facilitate Project Nexus and hopes that any submissions by Xoserve and Shippers will identify the impacts of each modification on legacy systems. That these system implementation issues could also be seen as affecting relevant objective (f) and therefore on this point they would prefer the modification that has fewest implementation issues.
Xoserve	<p>0602 Oppose</p> <p>0602A Support</p>	0602A	f – positive 0602A	<ul style="list-style-type: none"> Opposes 0602 as it cannot be implemented in the UK Link system without negatively impacting the Project Nexus Implementation Date. Supports 0602A as it could be implemented without impact to the Project Nexus Implementation Date. Xoserve supports the position detailed in the Draft Modification Report regarding self-governance. Implementation should take place no later than 1st March 2017. Confirms 0602A is required to support the Project Nexus implementation. Any costs incurred by Xoserve will be incorporated within the Project Nexus project. Notes that information has been provided to advise that 0602 cannot be implemented without negatively impacting the Project Nexus Implementation Date. This is not reflected within the Modification Report as this was identified after the final development work group. This matter was discussed at Panel in January 2017. Notes that more detailed analysis highlights a further constraint in UK Link systems that requires a minimum number of 4 Supply Point System Business Days prior to a Confirmation becoming effective. The 0602 solution would require this to be changed whereas the 0602A solution still observes a minimum 4 Supply Point System Business Days prior to the Supply Point Registration Date on D. Notes analysis of changing this in the UK Link system would be material and would require further system changes that have not been

				accounted for, therefore Modification 0602 solution cannot be accommodated in the Project Nexus timeline.
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Responding parties were also requested to address the following question in their representations.

Q1: Respondents are requested to provide views as to whether Modification 0602 provides sufficient time for objections to be raised.

Organisation	Key Points
British Gas	<ul style="list-style-type: none"> Believes allowing 5 business hours to raise objections under Modification 0602 is insufficient time and does not afford adequate protection for customers.
Citizens Advice	<ul style="list-style-type: none"> No response received regarding this Panel question.
EDF Energy	<ul style="list-style-type: none"> Although 0602 suggests that it will provide a 1 day window for objections, Xoserve have indicated that this is more likely to be around a 5 hour window in reality. This provides insufficient time to properly manage the objection process. The 2 days provided within 0602A would provide a more suitable window to manage objections, thus minimising risks to customers.
E.On Energy Solutions	<ul style="list-style-type: none"> 0602 does give a shorter timescale to raise an objection, which may be challenging for some parties, however with advance notice and sufficient preparation it should be capable of being managed.
First Utility	<ul style="list-style-type: none"> Have processes in place to ensure objections are raised within the specified timings of 0602. However, is concerned that if the entire industry is not comfortable with the timings then there may be an increase of Erroneous Transfers during this period. However, 0602A provides ample opportunity to fulfil the temporary objections process.
National Grid Gas Distribution	<ul style="list-style-type: none"> Notes that Shipper Users may have differing views on whether Modification 0602 provides sufficient time for Supply Point objections to take place.
National Grid NTS	<ul style="list-style-type: none"> As National Grid NTS is not directly impacted by the subject matter of this question, no view has been provided.
npower	<ul style="list-style-type: none"> Considers a one day window to object as proposed in Modification 0602 is an insufficient timeframe given the number of switching transactions during this period. Suppliers need time to process these switches and review for potential objections and then raise them. A one day objection window increases the risk of Erroneous Transfers and potentially leaves Suppliers in a debt position that may not be recoverable, neither of which is in the best interests of Suppliers and their customers. Modification 0602A proposes to increase the timeframe to two days which, while still falling short of the current objection window, is acceptable for the interim period and reduces the likelihood of these risks becoming issues.
Scotia Gas Networks	<ul style="list-style-type: none"> Observes during Workgroup discussions parties requested a minimum one day objection window, however Xoserve confirmed that, due to the processing timeframes and inability of Users to schedule an overnight batch run, the objection window would in reality be <12 hours. Therefore, 0602 does not offer sufficient time for objections to be raised.
SSE	<ul style="list-style-type: none"> Does not believe that Modification 0602 provides sufficient time for objections to be raised for all days that are affected by this modification.

Wales & West Utilities Ltd	<ul style="list-style-type: none"> Recognises that Shippers are concerned that 0602 in practice allows less than a full Supply Point System Business Day to submit objections.
Xoserve	<ul style="list-style-type: none"> No response received regarding this Panel question.

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

Discussion

The Panel Chair summarised that Modifications 0602 and 0602A identify the arrangements under which certain Supply Point transactions would not be available in order to complete an orderly and efficient transition to the new UK Link system being delivered under Project Nexus. The solutions are fundamentally similar; the alternative modification additionally proposes to maintain a minimum of two days with which to raise a Supply Point Objection.

Modification 0602

Members considered the representations made noting that of the 12 representations received, 1 supported implementation, 2 offered qualified support, 7 were not in support and 2 provided comments.

Modification 0602A

Members considered the representations made noting that, of the 12 representations received, 10 supported implementation and 2 offered qualified support.

Preference expressed

Members considered the representations made noting that, of the 12 representations received, 10 expressed a preference for **0602A** and 2 did not express a preference for either modification.

Consultation Views

Members noted that respondents generally agreed that these modifications were necessary to enable an orderly transition to the new UK Link system and recognised that there would be short-term consequential impacts for consumers wishing to switch Supplier over this period. On balance, this was viewed by Members as a small inconvenience in order to deliver the significant benefits afforded by the new gas Settlement regime.

It was noted that **0602** necessitated changes to legacy systems and this was felt to be undesirable given that resources should be properly applied to the implementation of the new system. Further, Members noted respondents' views that **0602** did not provide a satisfactory timeframe for Objections and this would be likely to be detrimental to Consumers.

For **0602A**, Members noted that no such systems changes would be required and that there was wide support for this alternate.

One respondent drew attention to information that had been provided by Xoserve at a meeting after the completion of the Workgroup Report about a further risk to implementation as a result of a potential for some parties to commence system transition activities early. Members noted these concerns but felt that

this was a matter for the Project Nexus Steering Group to address and in itself did not affect the governance decision about either of these solutions being effective.

Consideration of the Relevant Objectives

Members considered relevant objective d) *Securing of effective competition between Shippers and/or Suppliers*, agreeing that implementation would have an initial, short-term, negative impact on competition because of the restrictions to switching during the transition period. Thereafter these proposals would have a positive impact because an orderly transition process was seen as essential to the effective operation of the competitive market.

Members considered relevant objective f) *Promotion of efficiency in the implementation and administration of the Code*, agreeing that implementation would have a positive impact because a timely implementation decision would enable effective planning to be completed both for project teams and in relation to managing Consumer switching.

Determinations

Members voted with 0 votes in favour (out of a possible 11), failed to recommend implementation of Modification **0602**.

Members voted with 11 votes in favour (out of a possible 11), recommended implementation of Modification **0602A**.

Members considered, should one of the modifications be implemented, which one better facilitated the Relevant Objectives, concluding, with 11 votes in favour (out of a possible 11), that proposed Modification **0602A** better facilitates the Relevant Objectives than proposed Modification **0602**.

12 Recommendations

Panel Recommendations

Members recommended:

- that Modification **0602** should not be implemented
- that Modification **0602A** should be implemented
- that Modification **0602A** better facilitates the Relevant Objectives than Modification **0602**.

13 Appendix 1

Business Rule Statement:

Business Rules associated with Confirmation timescales		Confirmation Status as described in subsequent Sheet
1	A Confirmation may be submitted by a proposing Shipper User with a requested Supply Point Registration Date (D) (also referred to as Confirmation Effective Date AND Supply Start Date) which must be between:	Upon acceptance of the Confirmation by the proposing User, the Confirmation Status shall be RQ.
a)	A maximum Confirmation lead time of 30 Business Days from the Confirmation submission date	
AND		
b)	A minimum Confirmation lead time of 15 calendar Days from the Confirmation submission date	
2	Upon acceptance of this Confirmation, the existing Shipper (incumbent User) will be notified of the Confirmation acceptance, and given an opportunity to submit a Supply Point Objection. This Supply Point Objection must be submitted in the objection window.	Confirmation Status changes to CO Status at D-2.
a)	This objection window will end Seven business days from the notice to the existing Shipper	
OR		
b)	Where there are insufficient Business Days in the period between the Confirmation submission and the Supply Point Registration Date to provide the seven Business Days objection window. No later than the end of D-3 Business Days where D is the Supply Point Registration Date.	
		For Information: (not shown on Sheet) Confirmation Status changes to LI at Supply Point Registration Date (D).

Business Rule Statement:

Confirmation Status as described in subsequent sheet
1. A Confirmation may be submitted by a proposing Shipper User with a requested Supply Point Registration Date (D) (also referred to as Confirmation Effective Date AND Supply Start Date) which must be between: a) A maximum Confirmation lead time of 30 Business Days from the Confirmation submission date. AND b) A minimum Confirmation lead time of 15 calendar Days from the Confirmation submission date.
2. Upon acceptance of this Confirmation, the existing Shipper (Incumbent User) will be notified of the Confirmation acceptance, and given an opportunity to submit a Supply Point Objection. This Supply Point Objection must be submitted in the objection window. a) This objection window will end Seven business days from the notice to the existing Shipper. OR Where there are insufficient Business Days in the period between the Confirmation submission and the Supply Point Registration Date to provide the seven Business Days objection window. No later than the end of D-3 Business Days where D is the Supply Point Registration Date.
Confirmation Status changes to CO Status at b-2.
For information: (not shown on Sheet) Confirmation Status changes to U at Supply Point Registration Date (D).

Example: Baseline against the 7 NEDs + 2 VNBDS

Business Rules associated with Confirmation timescales - Example	Example Date	Commentary
1. A Confirmation may be submitted by a proposing Shipper User with a requested Supply Point Registration Date (D) (also referred to as Confirmation Effective Date AND Supply Start Date) which must be between: a) A maximum Confirmation lead time of 30 Business Days from the Confirmation submission date. AND b) A minimum Confirmation lead time of 15 calendar Days from the Confirmation submission date.	May 2017 Requested Supply Point Registration Date = 26th May 2017 Must be submitted no earlier than 10th April 2017. Also NED of 25 & 26/05/17.	This takes account of three bank holidays: 14/04/17, 17/04/17 and 18/05/17.
2. Upon acceptance of this Confirmation, the existing Shipper (Incumbent User) will be notified of the Confirmation acceptance, and given an opportunity to submit a Supply Point Objection. This Supply Point Objection must be submitted in the objection window. a) This objection window will end Seven business days from the notice to the existing Shipper. OR Where there are insufficient Business Days in the period between the Confirmation submission and the Supply Point Registration Date to provide the seven Business Days objection window. No later than the end of D-3 Business Days where D is the Supply Point Registration Date.	Must be submitted no later than 23rd May 2017 Assumes immediate processing and start of objection period Extended due to Easter BHs 10th to 21st April 17 Stored due to proposed NEDs of 24 and 25/05/17	



