












UNC Modification	At what stage is this document in the process?
<h1>UNC 0723 (Urgent):</h1> <h2>Use of the Isolation Flag to identify sites with abnormal load reduction during COVID-19 period</h2>	<div>01 Modification</div> <div>02 Workgroup Report</div> <div>03 Draft Modification Report</div> <div>04 Final Modification Report</div>
<p>Purpose of Modification:</p> <p>To enable Shipper Users to utilise the central systems isolation flag, under specific circumstance, without warranted activities taking place, during a COVID-19 period. Allowing for sites where businesses have closed due to COVID-19 to be excluded from the AQ calculation, and therefore from UIG allocation during the relevant period.</p>	
	<p>The Proposer recommends that this Modification should be:</p> <ul style="list-style-type: none"> treated as urgent and should proceed as such under a timetable agreed with the Authority
	<p>High Impact:</p> <p>Shippers, Distribution Networks, NTS</p>
	<p>Medium Impact:</p> <p>Consumers (site specific)</p>
	<p>Low Impact:</p> <p>CDSP</p>

Contents		 Any questions?
1	Summary	3
2	Governance	3
3	Why Change?	4
4	Code Specific Matters	4
5	Solution	5
6	Impacts & Other Considerations	5
7	Relevant Objectives	5
8	Implementation	6
9	Legal Text	6
10	Recommendations	6
Timetable		 0121 288 2107
The Proposer recommends the following timetable:		Proposer: Tracey Saunders, Northern Gas Networks
Modification sent to Ofgem	21 April 2020	 trsaunders@northerngas.co.uk
Ofgem decision on Urgency	22 April 2020	 07580 215743
Consultation commences (<i>3 Business Day consultation</i>)	22 April 2020	Transporter: Northern Gas Networks
Consultation Close-out for representations	27 April 2020	 trsaunders@northerngas.co.uk
Final Modification Report available for Panel	28 April 2020	 07580 215743
Modification Panel decision	30 April 2020	Systems Provider: Xoserve
Ofgem decision	01 May 2020	 UKLink@xoserve.com

1 Summary

What

Live Supply Meter Points are subject to energy allocation and are also subject to being allocated the relevant share of Unidentified Gas (UIG) against each site. UNC Transportation Principle Document (TPD) Section G 3.5 states that a site that is Isolated by a Shipper User is deemed to warrant that the site is no longer being able to consume gas and is therefore removed from energy allocation and receiving allocation of UIG during the period of Isolation.

Restrictions on businesses and people under the COVID-19 response, which includes measures as stated in Coronavirus Act 2020, has resulted in some sites not consuming gas, but as they are still capable of consuming and not discontinued, they cannot currently be deemed as Isolated for purposes of UNC TPD Section G.

Currently Shipper Users can send a notice to Isolate a site by providing a notification to CDSP to advise that they have carried out specific activities with relation to cessation of the supply of gas at a Supply Meter Point under the following conditions as stipulated in UNC TPD Section G 3.5.5 'Where a User provides a notification in accordance with paragraph 3.5.2 such User shall have taken all reasonable steps to ensure that all work to cease the flow of gas has been carried out by suitably competent personnel using that degree of skill, diligence, prudence and foresight which would reasonably and ordinarily be expected from a skilled and experienced person complying with applicable law, recognised industry standards and GDN/PM/GT4, engaged in the same type of undertaking and the Transporter will be entitled to assume that the User has complied with such obligation'

This Modification seeks to temporarily allow these sites to be marked, and treated as, 'Isolated' for the purposes of Annual Quantity (AQ) calculations, energy allocation and UIG, without meeting the conditions for physical discontinuance as stated in UNC TPD Section G 3.5.5, whilst affected by measures in the Coronavirus Act 2020.

Why

The effect of Isolation becoming effective is that the Supply Meter Point is no longer subject to Energy allocation including UIG, and Class 3 and 4 Supply Meter Points would be excluded from allocations and therefore such Supply Meter Points would be excluded from the aggregate of the NDM Supply Meter Point Demands in each Exit Zone (UNC TPD C1.5.1a(i)). The period for which the Supply Meter Point is Isolated will also be excluded from AQ calculations, therefore following the Supply Meter Point Re-establishment the allocations will be based upon the relevant AQ prior to the COVID-19 period.

How

Where a Shipper User identifies a site as having nil (or de minimis) consumption as a direct result of restrictions resulting from the Coronavirus Act 2020, Shipper Users will be able to apply for relevant registered Supply Meter Points to be marked as Isolated, whilst they are still capable of consuming gas. This will allow such Supply Meter Points to be excluded from energy allocation and the allocation of UIG. This will warrant that the Shipper User is specifically aware of the change in demand at the Supply Meter Point meeting the criteria.

2 Governance

Justification for Urgency

This Modification is allowing sites with unusual usage reductions resulting from actions implemented during the COVID-19 period to be deemed as Isolated, therefore removing them from being eligible for energy allocation, or being allocated a share of UIG for this period. This would change the share of UIG amongst the remaining sites. Due to COVID-19 being a temporary situation, and relief for some of this impact to relevant Shipper Users and consumers being required in the short term, this Modification is proposed to follow an urgent timetable as this is a current issue with a significant commercial impact on some Shipper Users and Consumers.

Requested Next Steps

This Modification should:

- be treated as urgent and should proceed as such under a timetable agreed with the Authority.

3 Why Change?

Whilst COVID-19 is causing changes in consumption of gas in the short term, both increased and decreased consumption. This Modification proposal seeks to address the specific issue where sites have ceased consumption due to restrictions placed on their business or workforce, under Coronavirus Act 2020. This unusual consumption pattern if taken into account in the AQ calculation will contribute to UIG calculations, and the sites will also receive a share of the UIG allocation.

Examples of the types of sites that have been impacted by the Coronavirus Act 2020 due to forced temporary closure includes but is not limited to, restaurants, a large proportion of take-away food services, public houses, garden centres etc.

Examples of the types of sites that have been impacted by the Coronavirus Act 2020 due to non-essential travel of workforce or clients includes but is not limited to, hair and beauty premises, pre-schools, clothing retailers, manufactures of non-essential items etc.

This Modification seeks to temporarily allow these sites to be marked, and treated as Isolated for the purposes of energy allocation, AQ and UIG calculations for the COVID-19 period.

Currently Shipper Users can send a notice to Isolate a site by providing a notification to CDSP to advise that they have carried out specific activities with relation to cessation of the supply of gas at a Supply Meter Point under the following conditions as stipulated in UNC TPD Section G 3.5.5 'Where a User provides a notification in accordance with paragraph 3.5.2 such User shall have taken all reasonable steps to ensure that all work to cease the flow of gas has been carried out by suitably competent personnel using that degree of skill, diligence, prudence and foresight which would reasonably and ordinarily be expected from a skilled and experienced person complying with applicable law, recognised industry standards and GDN/PM/GT4, engaged in the same type of undertaking and the Transporter will be entitled to assume that the User has complied with such obligation'

This Modification is seeking to allow a Shipper User to advise the CDSP to mark a site as Isolated using the central system isolation flag without the above UNC TPD Section G 3.5.5 conditions being met, this is only applicable to sites who have no usage, or a de minimis amount of usage, and the relevant Shipper User will be expected to request removal of the flag once the Coronavirus Act 2020 restrictions are no longer in place.

The effect of the Isolation becoming effective is that the Supply Meter Point is no longer subject to Energy and UIG allocation, and Class 3 and 4 Supply Meter Points would be excluded from allocations and therefore such Supply Meter Points would be excluded from the aggregate of the NDM Supply Meter Point Demands in each Exit Zone (UNC C1.5.1a(i)). The period for which the Supply Meter Point is Isolated will also be excluded from AQ calculations therefore following the Supply Meter Point Re-establishment the allocations will be based upon the relevant AQ prior to the COVID-19 period.

4 Code Specific Matters

Reference Documents

None

Knowledge/Skills

Knowledge of the UNC would be beneficial.

5 Solution

Where a Shipper User identifies a site as having nil or de minimis consumption as a direct result of it restrictions resulting from the Coronavirus Act 2020, Shipper Users will be able to apply a flag to the registered Supply Meter Point to be marked as Isolated.

The periods during which the a relevant Supply Point is deemed to be in a COVID-19 period for the purposes as outlined in COVID-19 specific Modifications are: Where any of the powers as laid out in the Coronavirus Act 2020 Schedule 22, (Powers to Issue Directions Relating to Events, Gatherings and Premises) are enacted for all or any of England, Scotland, Wales, then this will be deemed to be a COVID-19 Period for UNC purposes for the relevant Supply Meter Point when the Supply Meter Point is situated in the a part of the UK for the period during which any of the powers enacted relevant to that part of the UK are in force.

Whilst sites have an Isolation flag under during the COVID-19 period, Re-establishment rule UNC TPD G 3.7.1 'Where a Supply Meter Point has been Isolated in accordance with paragraph 3.5.3 and the Transporter or the CDSP becomes aware that gas is capable of being off taken at that time (without further action being taken) from the Total System at such point then the Transporter or (as the case may be) the CDSP will notify the other, and the CDSP shall notify the Registered User of such fact' will not be applicable.

Shipper Users will only be able to apply for the relevant COVID-19 period as specified above.

Shipper Users are obligated to request an immediate removal of the Isolation flag should they become aware of usage of gas increasing at the site above the de minimis level of 2.5% of the pre COVID-19 period.

Shipper Users are obligated to request an immediate removal of the Isolation flag should the site no longer be classed as being deemed to be in a COVID-19 period, as per the UNC definition for this purpose set out in this Modification and UNC Transition Document.

Any meter read liabilities will be suspended, where the Isolation flag is set for conditions met under this Modification.

6 Impacts & Other Considerations

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

This is a temporary solution, the Transition rules introduced by this Modification are not intended to still be in place when Faster Switching legal text is introduced and therefore have no impact on the SCR.

Consumer Impacts

This Modification should have a consequential impact on sites where Shipper Users are applying the Isolation flag under conditions set out in this Modification, as this will reduce the volume of energy and consequential UIG allocated against this site, and therefore any potential charges associated that would be passed directly on to consumers.

Cross Code Impacts

IGTs may wish to consider a similar Modification where applicable.

EU Code Impacts

No impacts identified.

Central Systems Impacts

No Central Systems impacts have been identified as this Modification proposes to use existing system functionality.

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.	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.	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

Due to COVID-19 the gas industry is seeing a change in gas consumption; therefore this Modification proposal seeks to redress some of the economic impacts that this change is having across wider industry and end consumers. where their change in consumption behaviour is a direct response to the measures set out in the Corona Virus Act 2020, therefore this Modification has a positive impact on Relevant Objective a).

[In addition, by correctly apportioning gas allocations across consuming Supply Meter Points should support the maintenance of competition in the relevant consumer markets between Shippers and Suppliers and therefore further Relevant Objective d).]

8 Implementation

As urgency status is being requested, implementation could be as soon as authority approval is given.

9 Legal Text

Text Commentary

Legal text has been published alongside this Modification.

Text

Legal text has been published alongside this Modification.

10 Recommendations

Proposer's Recommendation to the Authority

This Modification should be treated as urgent and proceed as such under a timetable agreed with the Authority.