

Stage 01: Proposal

Draft:

Removal of Anonymity from Annual Quantity Appeal and Amendment Reports

This Proposal will mean any report issued by the Network Owners regarding Shipper performance in AQ Amendment and Appeal process is not anonymous.



The Proposer recommends that this self-governance modification should proceed directly to consultation.



Medium Impact:
Network Owners, Shippers.

What stage is this document in the process?

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

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Modification

05 July 2011

Version 1.0 Draft

Page 1 of 15

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Contents

- 1 Summary
- 2 Why Change?
- 3 Solution
- 4 Relevant Objectives
- 5 Impacts and Costs
- 6 Implementation
- 7 The Case for Change
- 8 Legal Text
- 9 Recommendation

About this document:

This document is a proposal, which will be presented by the Proposer to the Panel on 21st July 2011. The Panel will consider the Proposer's recommendation, and agree whether this self-governance modification should proceed to consultation or be referred to a Workgroup for assessment.



3 Any questions?

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0xxx

Modification

05 July 2011

Version 1.0 Draft

Page 2 of 15

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1 Summary

Is this a Self-Governance Modification

We believe this proposal is self-governance because it only seeks to provide transparency over Shippers actions in the AQ Appeal and Amendment process and not to change the process itself, thus meaning it has no material impact in itself. To that end we consider it fulfils the UNC Self-Governance criteria.

Why Change?

The current provisions for industry reporting in this area apply unequally, with some Shippers afforded anonymity and others not. This means that some parties are afforded more protection than others and are party to more information than others. We also consider that the lack of transparency does not foster an environment of accountability regarding compliance with Code.

Solution

This proposal will obligate the Network Owners to ensure that any industry report detailing Shipper performance in the AQ Appeals or Amendments processes are published without anonymity.

Impacts & Costs

This Proposal will not change the rules around how the AQ appeal process works, nor the data which must be collected in order to publish the reports in question. It will not therefore have an impact on Network Owners other than the requirement to include Shipper Short Code within these reports in place of the "code-words" which currently exist.

The impact on Shippers will be limited to the fact that more information will be publicly available about the way in which they have used to AQ appeal and amendment processes.

Implementation

This Proposal should be implemented before 1st November 2011, that being the date that the new reports can be provided for the 2010/11 Gas Year.

The Case for Change

By removing the anonymity from these reports we consider that competition between Shippers will be facilitated. Firstly, Shippers will not face different treatment from the Network Owners with regards to the degree to which performance data is publicly shared, creating a level playing field in terms of what data is made available between Shippers, and secondly the increased transparency of these reports will deter any Shippers from misusing industry processes for the amendment and appeal of AQs.

Recommendations

This proposal was originally part of Modification Proposal 0378, but has been split out of that proposal so that it might be considered in its own right. This issue has therefore been discussed and developed in a Workgroup for three months (17th May 2011, 6th June 2011 and 6th July 2011) and as such should proceed to consultation.

Oxxx
Modification

05 July 2011

Version 1.0 Draft

Page 3 of 15

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2 Why Change?

We believe the current industry reporting only offers partial anonymity, with some Shippers being easily identifiable in the report and others afforded full anonymity by virtue of the fact that portfolio size is given as a data item. British Gas for example can be easily identified by the number of Supply Points shown against them in the report whereas it is not always clear who the other Shippers are. Other Shippers are also affected. This discrimination is unwarranted and affords different levels of protection to different Shippers. We believe that the information contained within the reports is not commercially confidential and that furthermore no Shipper should have anything to hide in these reports. Consequentially, we propose that anonymity should be removed for all – in both current reports on AQ appeal and amendment processes and in future reports for the same subject.

As well as creating a level playing field in terms of the information available to Shippers, we also believe this will also act as a deterrent to Shippers who may seek to breach the UNC rules on AQ amendments and appeals. By knowing that reports will be published identifying them and their performance for other Shippers to see, any Shipper considering misusing the process in this way will be aware that their performance will be scrutinised by their competitors, and will be less likely to misuse the processes. This will therefore afford greater control against the AQ amendment and appeal processes.

0xxx

Modification

05 July 2011

Version 1.0 Draft

Page 4 of 15

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3 Solution

This proposal will obligate the Network Owners to ensure that any industry report detailing Shipper performance in the AQ Appeals or Amendments processes are published without anonymity.

0xxx

Modification

05 July 2011

Version 1.0 Draft

Page 5 of 15

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4 Relevant Objectives

Implementation is expected to better facilitate the achievement of **Relevant Objectives a, b, c, d, e and f.**

Proposer's view of the benefits against the Code Relevant Objectives

Description of 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.	Yes, see below.
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	Yes, see below.

We consider this Proposal facilitates UNC Relevant Objectives (d) and (f). Our reasoning is given below.

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.

We believe that ensuring that all Shippers are afforded the same amount of information regarding competitors performance in the AQ amendment and appeal processes will ensure that no one group of Shippers is advantaged over the other.

We also consider that the deterrent effect of transparency in this area is likely to lead to greater control over Shipper's performance in managing the AQ amendment and appeal processes and therefore increase protection against any misuse of the processes. As these processes are used to allocate £billions of cost in the market, the greater control associated with this Proposal will help ensure the fair allocation of costs, thus facilitating effective competition between Shippers.

Oxxx

Modification

05 July 2011

Version 1.0 Draft

Page 6 of 15

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f) Promotion of efficiency in the implementation and administration of the Code

In addition, we consider this Proposal will provide greater transparency over the degree to which Shippers are compliant with the existing Code obligations not to misuse the AQ appeal process, thus facilitating efficiency in the implementation and administration of the Code.

5 Impacts and Costs

This Proposal will impact both Shippers and Network Owners. Network Owners, who publish these industry reports will replace the existing “code-words” for actual Shipper Short Codes and some Shippers will no longer be afforded anonymity for their actions.

Costs

Include here any proposal for the apportionment of implementation costs amongst parties.

Indicative industry costs – User Pays	
Classification of the proposal as User Pays or not and justification for classification	
This proposal is not considered to be User Pays, as we do not consider that it presents the Network Owners with any additional cost.	
Identification of Users, proposed split of the recovery between Gas Transporters and Users for User Pays costs and justification	
n/a	
Proposed charge(s) for application of Users Pays charges to Shippers	
n/a	
Proposed charge for inclusion in ACS – to be completed upon receipt of cost estimate from Xoserve	
n/a	

Impacts

Impact on Transporters’ Systems and Process	
Transporters’ System/Process	Potential impact
UK Link	<ul style="list-style-type: none"> None.
Operational Processes	<ul style="list-style-type: none"> Transporters will be required to issue out industry reports on the use of the AQ appeal and amendment process with Shipper Short Code.
User Pays implications	<ul style="list-style-type: none"> None.

Impact on Users	
Area of Users’ business	Potential impact
Administrative and operational	<ul style="list-style-type: none"> None.
Development, capital and operating costs	<ul style="list-style-type: none"> None.

Oxxx

Modification

05 July 2011

Version 1.0 Draft

Page 8 of 15

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Where can I find details of the UNC Standards of Service?

In the Revised FMR for Transco's Network Code Modification **0565 Transco Proposal for Revision of Network Code Standards of Service** at the following location:
www.gasgovernance.co.uk/sites/default/files/0565.zip

Impact on Users	
Contractual risks	<ul style="list-style-type: none">• None.
Legislative, regulatory and contractual obligations and relationships	<ul style="list-style-type: none">• None.

Impact on Transporters	
Area of Transporters' business	Potential impact
System operation	<ul style="list-style-type: none">• None.
Development, capital and operating costs	<ul style="list-style-type: none">• None.
Recovery of costs	<ul style="list-style-type: none">• None.
Price regulation	<ul style="list-style-type: none">• None.
Contractual risks	<ul style="list-style-type: none">• None.
Legislative, regulatory and contractual obligations and relationships	<ul style="list-style-type: none">• None.
Standards of service	<ul style="list-style-type: none">• None.

Impact on Code Administration	
Area of Code Administration	Potential impact
Modification Rules	<ul style="list-style-type: none">• None.
UNC Committees	<ul style="list-style-type: none">• None.
General administration	<ul style="list-style-type: none">• None.

Impact on Code	
Code section	Potential impact
	<ul style="list-style-type: none">•
	<ul style="list-style-type: none">•

Impact on UNC Related Documents and Other Referenced Documents	
Related Document	Potential impact
Network Entry Agreement (TPD I1.3)	<ul style="list-style-type: none">• None.
Network Exit Agreement (Including Connected System Exit Points) (TPD J1.5.4)	<ul style="list-style-type: none">• None.
Storage Connection Agreement (TPD R1.3.1)	<ul style="list-style-type: none">• None.

Impact on UNC Related Documents and Other Referenced Documents	
UK Link Manual (TPD U1.4)	• None.
Network Code Operations Reporting Manual (TPD V12)	• None.
Network Code Validation Rules (TPD V12)	• None.
ECQ Methodology (TPD V12)	• None.
Measurement Error Notification Guidelines (TPD V12)	• None.
Energy Balancing Credit Rules (TPD X2.1)	• None.
Uniform Network Code Standards of Service (Various)	• None.

Impact on Core Industry Documents and other documents	
Document	Potential impact
Safety Case or other document under Gas Safety (Management) Regulations	• None.
Gas Transporter Licence	• None.

Other Impacts	
Item impacted	Potential impact
Security of Supply	• None.
Operation of the Total System	• None.
Industry fragmentation	• None.
Terminal operators, consumers, connected system operators, suppliers, producers and other non code parties	• None.

6 Implementation

This Proposal should be implemented as soon as possible after an Ofgem direction. We believe it is important that the implementation date should be before 1st November 2011 so that the improvements can be included in the reports covering the 2010/11 Gas Year.

Oxxx

Modification

05 July 2011

Version 1.0 Draft

Page 11 of 15

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7 The Case for Change

In addition to that identified the above, the Proposer has identified the following:

Advantages

- Removes the current disparity in anonymity between Shippers.

Disadvantages

- None.

0xxx

Modification

05 July 2011

Version 1.0 Draft

Page 12 of 15

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8 Legal Text

Suggested Text

The following suggested legal text is provided by the Proposer. Formal legal text is still to be provided by the Network Owner. The highlighted section shows the area of amendment.

1.6.18 The Transporters shall publish, by the dates specified in paragraph 1.6.20, a report containing the following information in respect of each User (on **an non-anonymous basis**):

(a) in aggregate across all End User Categories:

- (i) the number of applications made by the User during the User AQ Review Period (in accordance with paragraph 1.6.4) for an increase in the Provisional Annual Quantity and for a decrease in the Provisional Annual Quantity;
- (ii) the number of such successful applications made by the User during the User AQ Review Period (in accordance with paragraph 1.6.7) that resulted in a User Provisional Annual Quantity shown by the resulting increase and decrease in comparison to the Provisional Annual Quantity;
- (iii) the number of Speculative Calculation enquiries made by the User during the preceding Gas Year;

(b) by each End User Category:

- (i) the number of Supply Meter Points where the Annual Quantity has increased or decreased as a result of the successful applications referred to in (a)(ii) shown as a percentage of the total number of Supply Meter Points in that End User Category;
- (ii) the change to the Annual Quantity in aggregate (expressed in kWh) that has occurred due to the increases or decreases as a result of the successful applications referred to in (a)(ii);
- (iii) the number of Supply Points that have moved from one End User Category to another End User Category as result of the successful applications referred to in (a)(ii);

(c) by each LDZ, the number of such successful applications made by the User during the User AQ Review Period (in accordance with paragraph 1.6.7) that resulted in a User Provisional Annual Quantity shown by the resulting increase and decrease in comparison to the Provisional Annual Quantity.

1.6.19 For the purposes of paragraph 1.6.18:

- (a) **“User AQ Review Period”** is the period during which the User may apply for a User Provisional Annual Quantity in accordance with 1.6.4(a), commencing on the AQ Review Date and ending on the 13 August in the preceding Gas Year;
- (b) **“Speculative Calculation”** means an estimate of the Annual Quantity of a Supply Point derived by the User, using relevant Meter Reads for the Supply Point and the speculative calculator tool which is available for use within UK Link.

1.6.20 The dates for the publication of the information to be contained in the report in accordance with paragraph 1.6.18 shall be in the case of:

- (a) paragraph 1.6.18(a) and (b), by no later than:
- (i) 1 July, in respect of Smaller Supply Meter Points on an interim basis;
 - (ii) 1 August, in respect of Larger Supply Meter Points on an interim basis; and
 - (iii) 1 November in respect of all Supply Meter Points on a final basis;
- in each case in the relevant Gas Year.
- (b) paragraph 1.6.18(c), by no later than 1 November in the relevant Gas Year, in respect of all Supply Meter Points on a final basis.

9 Recommendation



The Proposer invites the Panel to:

- DETERMINE that Modification XXXX progress to Consultation

This acknowledges the fact that this proposal has already been discussed at three separate Workgroups on 17th May 2011, 6th June 2011 and 6th July 2011.

Insert heading here

[Insert relevant text or delete box]

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Modification

05 July 2011

Version 1.0 Draft

Page 15 of 15

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