

Updating the UNC Modification Process to Accommodate User Pays

1. All Modification Proposals to indicate whether agency costs are to be funded on a user pays basis.
2. For those proposed to fall within user pays, the basis of charging must be specified i.e. all Users pay (GTs and Shippers), GTs only pay, Shippers only pay. In each case, the proposed apportionment of costs would also need to be specified – i.e. charge per transaction, charge per supply point, charge per AQ share, charge per meter read submitted, charge per LDZ offtake, charge in proportion to transportation charges.
3. At any stage of development, Modification Panel able to ask Ofgem for a view on whether the proposed funding arrangements are appropriate. The Proposer may decide to amend the Proposal to reflect the Ofgem view, or others may raise alternative Proposals.
4. For inclusion in reports put to Panel (Workstream or Development Work Group Report), Transporters to provide high level cost estimates and a commentary for each relevant Proposal i.e. key assumptions which underpin estimates or an explanation of the assumptions which would be expected to lead to costs being at the top or bottom end of a quoted range. If high level estimate cannot be provided, list the questions to be answered before estimate could be provided, or which would need to be answered to narrow the range.
5. When Modification Panel determines that a user pays Proposal should be issued for consultation, unless the Panel determined otherwise, Transporters would provide the best cost estimate possible for inclusion in the draft Final Modification Report (FMR) (i.e. within a three week timescale), and/or an explanation of the requirements which would need to be met in order to provide a robust cost estimate – i.e. further clarifications required to ascertain the implementation impact, or the likely cost and timetable for a more detailed assessment to be provided.
6. When cost estimate is submitted to the Panel as part of the FMR, may determine that a more robust cost estimate is needed. Transporters then obliged to procure estimate based on the costs and timescales quoted in the FMR.
7. Ofgem may direct that a cost estimate be produced when Panel has not done so.
8. FMRs to contain the cost estimate produced at the latest stage in the modification process.
9. It would be expected that the ACS would provide for costs as specified in the FMR of implemented Proposals to be reflected in user pays charges, including analysis costs as one upfront element.
10. For Shipper raised user pays Proposals rejected by Ofgem, analysis costs incurred at the request of the Panel or Ofgem to be reflected in a specific user pays charge to recover these costs – e.g. allocated between Users in proportion to transportation charges.
11. For each user pays Proposal sent to Ofgem for decision, require Transporters to propose a supporting ACS amendment – i.e. the charges to be applied were the Proposal to be implemented.
12. Ofgem direction to implement user pays Proposals to also be a decision not to veto the supporting ACS amendment.