

CODE MODIFICATION PROPOSAL No 0173

**Obligations to process data received from iGTs in line with requirements within Annex
A of the CSEP NExA**

Version 1.0

Date: 13/09/2007

Proposed Implementation Date: Immediate (subject to Approval by the Authority)

Urgency: Non Urgent

1 The Modification Proposal

a) Nature and Purpose of this Proposal

The legal text in respect of UNC Modification Proposal **0083 " Proposal to insert obligations to process data received from iGTs in line with the requirements as outlined within Annex A of the Connected System Exit Point (CSEP) Network Exit Agreement (NExA)"**, that was implemented on 1 October 2006, does not accurately reflect the nature and intention of the original Proposal.

Management of the large Transporter and iGT relationship is governed by the Connected System Exit Point ("CSEP") Network Exit Agreement ("NExA"), with the relationship between the CSEP User and the appropriate Gas Transporter governed by the relevant Network Code. iGTs are required under the terms of the CSEP NExA to submit timely updates to large Transporters to allow them to calculate output quantities, the proportion of transportation costs relating to large Transporters, to facilitate the reconciliation of Larger Supply Points as obliged under the terms of the UNC and to perform an AQ Review for all Larger and Smaller Supply Points.

Although the contractual terms of the CSEP NExA outline in certain circumstances the timing and method for provision of data and the responsibilities of each party involved, no direct reference to the requirements to process this data existed, prior to the implementation of Modification Proposal 0083, within the UNC. The intention of Modification Proposal 0083 was to insert into the UNC requirements for the processing of data received from iGTs in a timely manner.

The concerns that the Transporters have with the current text are:

- (6.5.4(c)) - It is appropriate to clarify the level of 'validation' applied by large Transporters which consists of checking for compliance with appropriate file formats and checking that aggregate AQ values are within each CSEP development's maximum AQ level. No further validation is performed, for example as to whether the appropriate AQ has been registered against the correct User. The level of validation certainly is less than that afforded to directly connected Supply Points and therefore the definition contained within 6.5.5(c) is not correct. xoserve, as the Transporter Agent,

have continued to apply current levels of validation of CSEP AQ update and AQ Review data.

- (6.5.4(d)) - the requirement for large Transporters to acknowledge receipt of information in respect of AQ review data and AQ update data within two Business Days in writing was not in the Proposal and it is therefore not appropriate to be included in the legal text. Such acknowledgments are not and have never been previously issued. The Transporters have not instructed xoserve, as the Transporter Agent, to issue such acknowledgements.
- The text does not detail the requirement for large Transporters to acknowledge receipt of I&C NDM reconciliation corrected volumes within 2 Business Days of receipt. This was specified within Modification Proposal 0083 and is therefore required to be reflected in the legal text. Since implementation xoserve have been instructed to acknowledge receipt of I&C CSEP reconciliation volumes, aligned with the intent of Modification Proposal 0083.

Modification Proposal 0083 and this subsequent Proposal only applies to Unmetered CSEPs connected to the LDZ Distribution Networks, this has also been clarified within the legal text.

b) Justification for Urgency and recommendation on the procedure and timetable to be followed (if applicable)

Urgent procedures are not requested for this Proposal

c) Recommendation on whether this Proposal should proceed to the review procedures, the Development Phase, the Consultation Phase or be referred to a Workstream for discussion.

A UNC 'Consent to Modify' in relation to the Legal Text for Proposal 0083 was discussed at the UNC Modification Panel meeting in August 2007. Panel members felt that the proposed changes were significantly material and that it would be more appropriate for a UNC Modification Proposal to be raised. Legal Text is included in the Proposal and should now proceed to the Consultation Phase of the Modification Process

2 Extent to which implementation of this Modification Proposal would better facilitate the achievement (for the purposes of each Transporter's Licence) of the Relevant Objectives

a. As a combined pipe-line system and / or the pipe-line system of one or more other relevant gas transporters:

Not applicable

b. The efficient discharge of the licensee's obligations under this licence in relation to security of supply:

Not applicable

c. The securing of effective competition between relevant shippers, suppliers and DN operators:

- Processing relevant iGT data in a timely manner will help to ensure that costs are appropriately allocated between Users, and so better facilitate the securing of effective competition between relevant Shippers.
- **The provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards:**

Not applicable

d. Promotion of efficiency in the implementation and administration of the UNC:

- The UNC does not reflect the nature or intent of Modification Proposal 0083, implementation of this Proposal will address this and will therefore promote greater efficiency in the implementation and administration of the UNC.

3 The implications of implementing this Modification Proposal on security of supply, operation of the Total System and industry fragmentation

Implementing this proposal should not have any effect on security of supply, operation of the Total System, or industry fragmentation.

4 The implications for Transporters and each Transporter of implementing this Modification Proposal, including:

a) The implications for operation of the System:

No implications for operation of the system have been identified.

b) The development and capital cost and operating cost implications:

There are no cost implications for Transporters associated with the implementation of this Proposal.

c) Whether it is appropriate to recover all or any of the costs and, if so, a proposal for the most appropriate way for these costs to be recovered:

No direct cost recovery has been proposed.

d) The consequence (if any) on the level of contractual risk of each Transporter under the Uniform Network Code of the Individual Network Codes proposed to be modified by this Modification Proposal

The implementation of this Proposal will align the UNC with the processes carried out by xoserve, as the Transporter Agent, and the intent of

Modification Proposal 0083; therefore reducing contractual risk for each Transporter.

5 The extent to which the implementation is required to enable each Transporter to facilitate compliance with a safety notice from the Health and Safety Executive pursuant to Standard Condition A11 (14) (Transporters Only)

Implementation is not required on this basis.

6 The development implications and other implications for the UK Link System of the Transporter, related computer systems of each Transporter and related computer systems of Users

No system implications have been identified.

7 The implications for Users of implementing the Modification Proposal, including:

a) The administrative and operational implications (including impact upon manual processes and procedures)

There is not expected to be any administrative or operational implications for Users as a result of the implementation of this Proposal.

b) The development and capital cost and operating cost implications

There is not expected to be any cost implications for Users as a result of the implementation of this Proposal.

c) The consequence (if any) on the level of contractual risk of Users under the Uniform Network Code of the Individual Network Codes proposed to be modified by this Modification Proposal

No such consequences have been identified.

8 The implications of the implementation for other relevant persons (including, but without limitation, Users, Connected System Operators, Consumers, Terminal Operators, Storage Operators, Suppliers and producers and, to the extent not so otherwise addressed, any Non-Code Party)

There are no implications arising from this Proposal on Connected System Operators as it does not contain any proposed amendments to the CSEP NExA.

9 Consequences on the legislative and regulatory obligations and contractual relationships of the Transporters

Obligations within the UNC do not reflect the nature and intent of Modification Proposal 0083, and are unworkable. The implementation of this Modification will address this issue.

10 Analysis of any advantages or disadvantages of implementation of the Modification Proposal not otherwise identified in paragraphs 2 to 9 above

Advantages

- The UNC will accurately reflect the nature and intent of Modification Proposal 0083 that was implemented on 1 October 2006.

Disadvantages

- No disadvantages have been identified by the Proposer

11 Summary of representations received as a result of consultation by the Proposer (to the extent that the import of those representations are not reflected elsewhere in this Proposal)

Not applicable

12 Detail of all other representations received and considered by the Proposer

Not applicable

13 Any other matter the Proposer considers needs to be addressed

No other matters outstanding.

14 Recommendations on the time scale for the implementation of the whole or any part of this Modification Proposal

This Modification Proposal does not require any system or process changes to be made by Transporters, Users or Connected System Operators and can therefore be implemented immediately following Approval by the Authority.

15 Comments on Suggested Text

The Suggested Text supplied in Section 16 replaces, in its entirety, the Text introduced into the UNC as a result of Modification Proposal 0083. For clarity, and to allow direct comparison, the paragraphs within UNC TPD Section J to be replaced are:

**UNIFORM NETWORK CODE – TRANSPORTATION PRINCIPAL DOCUMENT
SECTION J – EXIT REQUIREMENTS**

6.5.4 Where the Connected System Operator is a Gas Transporter the Transporter shall

(a) keep the Connected System Operator informed in a timely manner of the development of the End User Categories applicable to that Connected System Operator for each Gas Year;

(b) process data received from the Connected System Operator in connection with processes under the CSEP Network Exit Agreement relating to the Connected System Annual Quantity annual update for existing CSEP Users with logical meters within 2 Business Days following receipt;

(c) validate data received from the Connected System Operator in connection with logical meter number Annual Quantity weekly updates pursuant to the CSEP Network Exit Agreement and either reject or process it within 2 Business Days following receipt; and (d) acknowledge in writing to the Connected System Operator receipt of data received from the Connected System Operator pursuant to paragraphs (b) and (c) of this section within 2 Business Days following receipt;

6.5.5 For the purposes of sections 6.5.4 (b) and (c),

(a) "process" data means analyse and review the data received and carry out the relevant calculations in respect of it;

(b) "logical meter" has the meaning ascribed to it in the CSEP Network Exit Agreement;

(c) "validate" means to carry out such checks on the accuracy of data as the Transporter would carry out in relation to an equivalent Supply Point on its System

6.5.6 Any proposal by the Transporter to amend the frequency or timing of the logical meter number Annual Quantity updates required from the Connected System Operator shall be deemed to be a proposal to amend the Transporter's Network Code and shall be subject to the Modification Rules.

16 Suggested Text

UNIFORM NETWORK CODE – TRANSPORTATION PRINCIPAL DOCUMENT SECTION J – EXIT REQUIREMENTS

Delete existing paragraphs of UNC TPD Section J6.5.4 to J6.5.6 and replace them with the following:

6.5.4. Where:

- (a) a Connected Offtake System is a pipeline system;
- (b) the Connected System Operator is another gas transporter; and
- (c) the relevant CSEP is Unmetered;

the provisions of paragraphs 6.5.5 to 6.5.7 shall apply.

6.5.5. The Transporter will:

- (a) in respect of each Gas Year, keep the Connected System Operator informed in a timely manner of the development of the End User Categories applicable to the Connected Offtake System;
- (b) subject to the Transporter receiving Annual Data from the Connected System Operator by no later than the 10th (tenth) Business Day prior to 1st October in each year, validate the same and where validation is passed, update its records with such Annual Data

by the 2nd Business Day following receipt so as to ensure that such updates take effect and are used for the purposes of the Code with effect from 1st October in that year;

- (c) validate AQ Weekly Updates within 2 Business Days of receipt and where validation is passed, update its records and thereafter use such updated records for the purposes of the Code; and
- (d) within 2 Business Days after receipt of Volume Data, acknowledge such receipt to the Connected System Operator.

6.5.6. Any proposal by the Transporter to amend the frequency or timing of the AQ Weekly Updates required from the Connected System Operator, shall be deemed to be a proposal to amend the Transporter's Network Code and shall be subject to the Modification Rules.

6.5.7. For the purposes of paragraphs 6.5.5 and 6.5.6 only:

"Annual Data" means the details which are required to be provided to the Transporter annually by the Connected System Operator pursuant to the provisions of the CSEP Network Exit Agreement and which have resulted from the annual review by the Connected System Operator of the AQs applicable to Supply Meter Points on the Connected Offtake System.

"AQ Weekly Updates" means the updated information required to be provided to the Transporter on a weekly basis by the Connected System Operator pursuant to the provisions of the CSEP Network Exit Agreement relating to End User Categories, numbers of Supply Meter Points registered to users of the Connected Offtake System and AQs.

"validate" means to check whether electronic communications comply with the requirements of the CSEP Network Exit Agreement;]

"Volume Data" means a volume expressed in Cubic Metres derived by the Connected System Operator from Valid Meter Readings in respect of Larger NDM Supply Points pursuant to the provisions of the CSEP Network Exit Agreement.

For the purposes of the definitions of Annual Data, AQ Weekly Updates and Volume Data only, "Supply Meter Points" and Supply Points shall have the same meanings as in the Code but shall be construed (mutatis mutandis) in relation to the Connected Offtake System. "AQs" "Valid Meter Readings" and "Larger NDM" shall have the same meanings as in the Code but shall be construed (mutatis mutandis) in relation to Supply Meter Points and Supply Points located on the Connected Offtake System.

NB change heading of paragraph 6.5 to "Further Network Exit Provisions and Provisions Relating to Unmetered CSEPs"

Code Concerned, sections and paragraphs

Uniform Network Code

Transportation Principal Document

Section(s) J – Exit Requirements

Proposer's Representative

Liz Spierling (Wales & West Utilities)

Proposer

Simon Trivella (Wales & West Utilities)