Review Group 0240 'Multiple AT-Link Accounts'.

Review Report

Summary

The Network Code Principal Document, section V 2.4 states that: 'Unless expressly otherwise provided in the Code or agreed by Transco, a person may only be one User, and accordingly a person who is for the time being a User may not make a further application to be admitted as a User'.

Modification Proposal 0240 was raised by AGAS to enable the use of multiple UK-Link accounts by single shippers. The intention was that this could be achieved by enabling shipping organisations to become more than one user or sub-user under the Network Code without the requirement to acquire separate shipping licences. This would allow shippers to sub-divide their portfolios into separate user accounts, each of which would effectively be autonomous. This would offer the advantages of separately identifiable invoices in respect of each portfolio thereby enabling shippers to establish separate 'cost centres'.

At the request of the July 1998 Network Code Modification Panel, the Proposal was re-classified as a Review and a Review Group was established to investigate the impacts of the proposed changes on the Network Code and on Transco's UK Link system and to recommend the optimum changes required to achieve the desired result.

The Review Group identified that the solution contemplated within the Proposal was only one of a number of options which could facilitate achievement of the objectives. These, however, contained differing levels of risk, cost and deliverability.

Seven such options were identified. These are summarised as follows:

- **Option 1 - Separate licences and companies.**

  If a shipper wishes to subdivide its portfolio it may, at limited cost, create separate companies and request individual shipper licences. The granting of such licences would, however, be subject to regulatory approval which in turn would be contingent on the shipper demonstrating good reason for requesting such licences.

- **Option 2 - User-Agent/s.**

  The Network Code provides that a shipper may appoint one or more agents to perform code communications on its behalf. The shipper, however, remains contractually responsible under the Network Code. Shipper agents have no contractual relationship with Transco (except with respect to UK-Link equipment) and are transparent from an operational point of view. It is possible that Transco's UK-Link system could be significantly enhanced to adopt a concept of agent records being established and shippers

portfolios divided between such entities (which is not currently contemplated by the code).

- **Option 3 - Sub Users.**

  The introduction to the Network Code of the concept of 'Corporate-Users' operating at the user level and 'Business' or 'Contract' users operating at sub-user level. This would require the Network Code to be modified such that all 'Business-User' activities may be linked to the contractual 'Corporate-User'. In this way major UK-Link enhancement may be avoided. Significant Network Code analysis would, however, be required.

- **Option 4 - Multiple UK-Link Accounts.**

  Shippers sub-divide their portfolios and, from a UK-Link perspective, operate as if existing as separate companies but all relevant processes are validated to 'code-user' level for Network Code purposes. This is similar to option 2 and would require major UK-Link enhancement.

- **Option 5 - Provision of supplier identifier on supply point specific invoices.**

  This 'basic' option makes use of current SPA and invoicing functionality but requires the implementation of an existing UK-Link change request. This specifies that the shipper may populate the supplier field on the SPA supply point nomination file with a predetermined supplier code. This will, in turn, be printed on supply point specific invoices enabling the shipper to separate those items by supplier. Modification of the Network Code would not be required.

- **Option 5A - As 5 but with aggregated domestic invoices further sub divided to 'supplier attribute' level.**

  This is an enhancement of option 5 but includes the subdivision of < 73,200 kWh 'domestic' invoices (which are normally aggregated) by the 'supplier' attribute. It is unlikely that Modification of the Network Code would be required. Significant enhancement to UK-Link would, however, be necessary.

- **Option 6 - Provision of new 'cost centre' attribute within SPA and group invoices.**

  This is a further development of option 5a which introduces a new attribute to SPA which in turn provides a key to sort supply point based invoices. This option will require major enhancement to UK-Link although it is unlikely that modification to the Network Code would be required.

A key hurdle encountered in the groups consideration of the potential solutions was the necessity for any party/entity undertaking contractual activities to either have legal personality or for systems processes and/or relevant legal drafting to be in place in the Network Code such that all activites could be validated to a party/entity having legal personality.

Following detailed consideration of the above, the Review Group differed in its determination of the preferred solution. Transco expressed the view that option 1 represented the most economic and efficient way forward. Shippers, however believed that option 5a represented the most pragmatic solution.

In summary, the preferred solutions were:

- Transco - For shippers wishing to sub-divide their portfolios, to create separate companies and request individual licences (subject to regulatory approval) - (Option 1).

- Shippers - Subject to industry priority, to implement UK-Link Change Request UKL4695 'Modification to format of all transportation invoices' - (Option 5a).

Introduction

Modification Proposal 0240 was raised by AGAS (latterly Elf Gas & Power) and received by Transco on 3 July 1998. The purpose of this proposal was to enable shippers to specifically identify and accurately attribute transportation costs to discrete commercial activities.

The Modification Proposal was discussed at the August 1998 meeting of the Network Code Modification Panel. Concern was expressed with regard to the impact the proposed solution may have on the Network Code and on Transco's UK-Link system. The Modification Panel therefore directed that the proposal be subject to Review procedures.

The Review Group was asked to identify the commercial, operational and financial impacts of the proposed changes on the Network Code and Transco's UK-Link system and to recommend the optimum changes required to achieve the objective.

The Review

The Review Group met on five occasions. It should be noted that the level of interest was minimal, there being only two shipper representatives regularly involved in the group. The key events in the lifecycle of the group are identified in Appendix 1.

Initial discussion centred on the potential solution identified in the Modification Proposal, the concept of a 'person being more that one user'. It became clear, however, that there were a number of further options each of which could to some extent meet the objectives of the original proposal. Each of these was therefore addressed in detail, including consideration of the benefits, costs, risks and deliverability. In support of these discussions, Transco undertook a series of actions to address and report on the impacts, costs and risks associated with each option. For convenience, with respect to each of these, the groups analysis is provided under the following sub-headings: Systems, Billing/Credit Management, Transportation Risk, Energy Risk, Energy Balancing (including the OCM) and Capacity/Interruption.

- **Option 1 - Separate licences and companies.**

  Shippers may create separate company identities and, subject to regulatory approval, request separate shipping licences with respect to each company. This enables portfolio separation such that each licence holder may operate independently under the Network Code thereby providing a simple method of cost attribution.

  It was noted by the group that regulatory concerns were expressed about issuing multiple licences for these purposes. One issue was that this may furnish an organisation with unfair voting rights at industry fora.

  - **Systems:**

    A new UK-Link account would need to be created for each new licence holder. Transco may incur costs associated with the installation and commissioning of additional Information Exchange (IX) equipment where this is requested. There would be an increase in the number of process transactions required. Based on the apparent limited community interest in portfolio sub-division, account proliferation was not considered by the group to be a major concern, although if a significant volume of requests were forthcoming, it was recognised that Transco would need to address its system capacity requirements.

  - **Billing/Credit Management:**

    This could result in an increased number of invoices with a consequent impact on the time taken to chase payment, escalate debt, etc. The resource requirement would depend on the number of shippers using this facility but could be up to an additional 6 full time employees to cover administrative tasks. There is also potential for increased query numbers or at least an increase in the time taken to log these as they will relate to a number of different 'users'.

    - Invoice Production Implications:

      The initial impact upon invoice production and reconciliation within Transco is that of increased volumes of individually produced invoices. Each of these extra invoices will be subject to the full pre/post billing checks and all associated effort in issuing the invoices to shippers.

      As an approximate guide, if invoice production/reconciliation were faced with twice as many invoices as present (assumption: not all shippers will take up the option, some may take up more than one extra user account), there would be a need to increase manpower by 50% of its current level to accommodate the increase in work. This would equate to around 14/15 FTEs; cost would be approximately £174k per annum in additional salaries. There would also be the supporting costs for the extra staff to consider, i.e. PC equipment, desks, telephones etc.

- **Transportation Risk:**

  No significant impact.

- **Energy Balancing (inc OCM):**

  No significant impact.

- **Capacity/Interruption:**

  No significant impact.

- **Energy Risk:**

  No significant impact.

- **Option 2 - User-Agents.**

  This solution is based on a record of agents operating on behalf of shippers being registered and monitored on Transco's UK-Link system and the shippers portfolio split to each 'agent account'. Transco and shippers' contractual obligations as established in the Network Code would be unchanged. Such an arrangement would require substantial UK-Link development on the basis that the agent would be registered at supply point level in addition to the user and all 'agent-account' activities must be fully interfaced and validated with the relevant shipping licence holder.

- **Systems:**

  This solution would require wholesale changes to be made to UK Link. Databases, screens, files, reports including invoices, coding and documentation, would be likely to require extensive modification to recognise and manage the associated business rules which would apply to the shipper/ 'agent-account' relationship.

  Initial investigation has demonstrated that this would involve a significant volume of work because of the complex interrelationships and interfaces between the relevant processes (Appendix 2).

  Because the detailed requirements are unclear, Transco would need business representatives including those from shipping organisations with a detailed understanding of the requirements and authority to make related decisions. The representatives may need to be prepared to work with the UK Link-analysts to establish the requirements.

  It is unlikely that such work could be justified without significant industry support.

- **Billing/Credit Management:**

  The principal impact would be concerned with ensuring that systems are in place which ensure that invoices may be sorted by 'agent-account' but with the shipper remaining the prime billing recipient.

- **Transportation Risk:**

  Currently, each user must be assigned a code credit limit. In the event of multiple 'agent-accounts' being created, it would be necessary to provide a single credit limit to the legal entity, ie, the shipper regardless of the number of 'agent accounts'. The overall credit limit would be provided based on the risk associated with that entity. From a risk monitoring perspective, any systems development would have to ensure that the accruals, invoicing and payment data relating to each separate account was aggregated.

  In the event of termination, Transco refers to the termination of a 'user' any systems development would need to clearly support the termination of both the parent organisation or 'person' and the separate 'agent-accounts'.

  From a credit risk perspective there would be no resource impact other than to effect the change request.

- **Energy Risk:**

  - Indebtedness Monitoring and Cash Call Process:

    This would require system changes to monitor aggregate indebtedness and would increase volumes of reports and data for both calculations under cash call notices and the resultant appeals.

  - Claims under securities:

    If a partial claim is made under a parent company guarantee or letter of credit as a result of debt relating to one user (and assuming that the shipper continues to trade and the security provider is willing to extend support), this raises the question of how the remaining security would be apportioned across the 'agent accounts' and the question of whether the community would be penalised as a result of the security claim.

- **Energy Balancing (inc OCM):**

  If an organisation shipping gas has more than one 'agent-account', there is a risk that the energy balancing charges for the two accounts may cause more charges than would otherwise be the case. The Review Group also identified that the impact of a large site on a shipper's ability to balance could be more profound if that shipper was balancing separate portfolios.

Currently the Network Code and OCM market rules requires participants to be a registered user. Both regimes would therefore require revisiting and possible amendment.

- **Capacity/Interruption:**

  The Review Group expressed concern that the solution could give rise to 'gaming' opportunities particularly in the area of supply point ratchets and 'failure to interrupt'. However, after consideration it was determined that the risk of gaming did not increase as a consequence of implementing this solution.

  - Ratcheting:

    In the case of SOQ ratchets, a transfer of supply point between individual portfolios would not negate exposure to supply point ratchet charges or as a consequence of NTS exit capacity booking. A capacity ratchet incurred at the time of incumbent ownership would transfer with the site to new ownership, as would corresponding NTS exit capacity requirements. Charges would be levied against incumbent ownership at the time of the ratchet.

    Gaming of this nature remains an issue for transfer between N/C and legacy accounts but would not be affected by this solution.

  - Failure to interrupt (FTI):

    FTI charges are appropriate at the time of failure and as such remain with the registered shipper at the time the FTI was incurred. It is common for registered users to pass FTI charges directly to the end consumer through provisions within the supply contract. This option does not materially alter such an arrangement.

    The group identified that there was a possibility of shippers 'gaming' the'five strikes' rule. This applies where shippers fail to interrupt on five occasions within a year. If this occurs, shippers will pay firm transportation charges in respect of all interruptible sites on their portfolio. It may be the case that in an 'agent-account' arrangement, shippers would seek to mitigate exposure to five strike costs though alignment of their interruptible portfolio. Transco's view is that such realignment does not adversely effect the current Network Code incentives for registered users to comply with interruption provisions and notices.

- **Option 3 - Sub-Users.**

This solution envisages shippers having multiple accounts within UK-Link without having to apply for additional licences. This is based on the establishment in the Network Code of the concepts of a 'Corporate-User', i.e. the licence holder, and 'Business/Contract-Users' undertaking day to day shipping activities, having the licence holder's portfolio split between them. Transco expressed a concern that such a concept was likely to require very significant analysis of the Network Code provisions, potential industry discussion of a variety of issues in the various Workstreams and ultimately, a major redraft. The group did not, however, achieve consensus on the impact of this option, one participant suggesting that the code implications may not be as serious as that expressed by Transco.

One Review Group participant tabled an initial Network Code impact analysis which, while identified by the group as being a useful first step, underlined the potential significance of the analysis required.

This solution does not include any validation checks or any other form of interaction between the separate identifiers. In systems terms each identity will be treated equally.

- **Systems:**

  As option 1.

- **Billing/Credit Management:**

  As option 1.

- **Transportation Risk:**

  Each user is currently assigned a code credit limit. It would be necessary to provide a single credit limit to the legal entity regardless of the number of sub-users. The overall credit limit would be provided based on the risk associated with that entity. From a risk monitoring perspective Transco would have to ensure that the accruals, invoicing and payment data relating to each separate user was aggregated. This could be effected through an off-line change request to internal billing systems.

  In the event of termination, Transco refers to the termination of a 'user' hence the legal text of any Modification Proposal would need to clearly support the termination of both the parent organisation or 'person' and the separate sub-users.

  From a credit risk perspective there would be no resource impact other than to effect the change request.

- **Energy Risk:**

  - Indebtedness Monitoring and Cash Call Process:

    This may require system changes to monitor aggregate indebtedness and would increase volumes of reports and data for both calculations under cash call notices and the resultant appeals.

- Claims under securities:

  If a partial claim is made under a parent company guarantee or letter of credit as a result of debt relating to one user (and assuming that the shipper continues to trade and the security provider is willing to extend support), this raises the question of how the remaining security would be apportioned across the users and the question of would the community be penalised as a result of the security claim.

- **Energy Balancing (inc OCM):**

  As option 2 (except delete reference 'agent-account' and replace with 'user-account').

- **Capacity/Interruption:**

  As option 2.

- **Option 4 - Multiple UK-Link Accounts.**

This solution is based a shipper splitting its portfolio to distinct UK-Link 'sub-accounts', these being registered on Transco's UK-Link system in a similar way to that proposed in option 2. Transco and shippers' contractual obligations as established in the Network Code would be unchanged. Such an arrangement would require substantial UK-Link development on the basis that all 'sub-account' activities must be fully interfaced and validated with the relevant shipper.

- **Systems:**

  As option 2.

- **Billing/Credit Management:**

  As option 2.

- **Transportation Risk:**

  As option 2.

- **Energy Risk:**

  As option 2.

- **Energy Balancing (inc OCM):**

  As option 2.

- **Capacity/Interruption:**

  As option 2.

- **Option 5 - Provision of supplier identifier on SP specific invoices.**

  The Review Group identified that details of a supplier is recorded on Transco's Sites & Meters database as part of a SPA supply point nomination/confirmation at the point of supply point registration. The group further identified that an existing UK-Link change request, UKL 2819 has been raised but is currently unprioritised. This is a generic request to include the 'supplier' field as and when files/screens are changed for any other purpose. It could be used to include the supplier identifier recorded on S&M on relevant supply point invoices. The group identified that this could be used by shippers to sort invoices manually by the attribute recorded against the supply point.

  It was noted that there was a risk that the 'supplier identity' field on the SPA nominations file could be populated with data other than that of suppliers. This could impact on other processes (EMR/INC or termination), dependant on S&M data collected from this facility. It was, however agreed that a limited extension of the definition might be appropriate, for example, in the case of BGT, categorising Home Energy and Business Gas. An additional safeguard would apply on the basis that population of the field with a new supplier record requires agreement between Transco and the requesting shipper.

  - **Systems:**

    No identifiable impact other than that associated with change request UKL2819. This change would, however, apply to specific invoices and therefore may not meet the full requirements.

  - **Billing/Credit Management:**

    The principal benefit of this proposal is that it would be available upon delivery of UKL2819 (subject to prioritisation) without any analysis of the risks of implementation being required. The group identified, however, that there were a number of potential disadvantages pertaining to this option. These were as follows:

    The facility is only of benefit where the invoice is supply point specific. This effectively excludes any invoice in the < 73,000 kWh market and any invoices associated with the energy balancing activity. The only system-produced invoices which are grouped at supply point level are those for LDZ Capacity and Commodity.

    The shipper would remain responsible for manually outsorting relevant invoices.

  - **Transportation Risk:**

    No identifiable impact.

- **Energy Risk:**

  No identifiable impact.

- **Energy Balancing (inc OCM):**

  No identifiable impact.

- **Capacity/Interruption:**

  No identifiable impact.

- **Option 5A - As 5 but with aggregated domestic invoices further sub divided to 'supplier attribute' level.**

The Review Group identified that option 5 was of limited benefit to shippers for the reasons described above. However, it was agreed that, with a further enhancement to UK-Link, the disadvantages of option 5, ie, its lack of suitability with respect to aggregated invoices could be mitigated.

The group identified the following additional requirement:

- To enhance aggregated domestic invoices such that these may be sub divided by the supplier attribute. An example of this is that an RbD commodity invoice could be sub-divided into multiples appropriate to the supplier identifiers recorded against the shipper's supply point portfolio.

It was identified that a minor risk associated with this was that a shipper could conceivably 'unpick' RbD by recording a separate supplier identity against each of its domestic supply points, thereby producing individual invoices in respect of each supply point. It was therefore agreed that a 'ceiling' on the number of supplier identifiers used for this purpose should be a feature of any change.

- **Systems:**

  Transco advised that this constituted a significant change to UK-Link functionality (Appendix 2). Introduction of the supplier identifier as a further level of aggregated invoices may also have implications for shipper communication files and could impact shipper systems. Transco has, however, raised UK-Link Change Request UKL4695 to record the requirement.

- **Billing/Credit Management:**

  See above (RbD related risks).

- **Transportation Risk:**

  No identifiable impact.

- **Energy Risk:**

  No identifiable impact.

- **Energy Balancing (inc OCM):**

  No identifiable impact.

- **Capacity/Interruption:**

  No identifiable impact.

- **Option 6 - Provision of new 'cost centre' attribute within SPA to group invoices**

The Review Group identified that a more flexible approach to the concept of subdividing supply point specific invoices, could be by introducing a new attribute into SPA and the Sites and Meters database. This would be separate and distinct from the supplier identifier used in options 5 and 5A.

This would enable supply point specific invoices to be grouped by the predefined attribute. As with the above options, the attribute would only be updatable by nominating and confirming the supply point.

- **Systems:**

  Initial investigations have demonstrated that this would involve a significant volume of UK-Link enhancement because of the complex interrelationships and interfaces between the requisite systems.

  As with options 2 & 4 described above, it is unlikely that such work could be justified without significant industry support.

- **Billing/Credit Management:**

  If the necessary attribute is built within SPA with the relevant links to Invoicing '95, aggregated invoices could be subdivided with appropriate subtotals provided. The impact upon invoice production would be the additional pre/post billing checks required to be applied to this extra information.

  The reconciliation invoice is produced at meter point level, therefore if the new SPA attribute works at supply point level, it may not be able to be sorted at the lower level required to divide the reconciliation invoice.

Ad-hoc invoices by their nature are not direct system produced invoices, i.e. the data is collected off-line with the values and charge types only being delivered via the system. All the supporting documentation is issued via disc/hard copy. There are a considerable amount of ad-hoc invoices; therefore to establish those that could be subdivided (and this would only be on back-up documentation) would be a very lengthy exercise.

This option only relates to invoices grouped at supply point level (i.e. I&C sites - LDZ Capacity and Commodity, Reconciliation by Difference).

If adopted, the initial impact upon Invoice Production would be that of increased pre/post billing checks to validate the subtotals provided within the single invoice.

It is envisaged that this would require approximately 5 extra FTEs at a increased salary cost of £56k per annum. There would also be the supporting costs for the extra staff to consider, i.e. PC equipment, desks, telephones, etc.

Whereas the only issue appears to be increased costs associated with the requirement for additional manpower to process the increased workload, this is not the case. Transco would have concerns with regard to the control over how many user/cost centres could be established as each time the invoice is split (whether in entirety or subdivided) economies of scale are affected adversely. For example, if there was little or no control over the amount of sub-division/users, although unlikely, it could be possible that a shipper could 'unpick' RbD by choosing the split down the <73,200 kWhs portion of its portfolio.

- **Transportation Risk:**

  No identifiable impact.

- **Energy Risk:**

  No identifiable impact.

- **Energy Balancing (inc OCM):**

  No identifiable impact.

- **Capacity/Interruption:**

  No identifiable impact.

<u>General Issues:</u>

- **Community Risk:**

  The rationale for proposing Modification 0240 was for shippers to potentially avoid costs associated with setting up separate companies and obtaining new licences.

However a number of shippers have already pursued this course of action. It may be considered discriminatory if other shippers were allowed to adopt an alternative approach.

Conclusions

Based on the various investigations undertaken, the Review Group identified the following advantages and disadvantages with respect to each option:

Option 1 - Separate licences and companies.

- Advantages.
    - Additional costs are targetted therefore no cross subsidy exists.
    - Other shippers have taken this route which is known to work without additional risk.
    - Clear responsibilities are defined under the Network Code.
    - Risks are correctly apportioned.
    - No amendments are required to the Network Code or UK-Link.
- Disadvantages.
    - Regulatory concerns with regard to issuing multiple licences.
    - Potential impact on UK-Link performance/capacity.

Option 2 - User-Agent.

- Advantages.
    - Provides a mechanism for splitting shipper portfolios and identifying costs.
    - Minimises Network Code changes.
    - Retains clear regulatory relationships.
- Disadvantages.
    - Requires major enhancement to UK-Link to reflect that a user can operate at supply point level with multiple identities.
    - Not possible under current OCM rules.

Option 3 - Sub-Users.

- Advantages.
    - No UK-Link enhancements are required.
    - No additional licences or companies are required.

- Disadvantages.

  - Significant Network Code redrafting would be required.
  - Potential impact on UK-Link performance/capacity.
  - There is a lack of clarity in how the structure would be regulated, i.e, the user has the shipping licence but the sub-users are carrying out functions contained within the licence.
  - Ultimately this solution shifts costs to Transco/industry.
  - Significant administration would be required.
  - Not possible under current OCM rules.

Option 4 - Multiple UK-Link Accounts.

- Advantages.

  - As Option 2 - User Agents.

- Disadvantages.

  - As Option 2 - User Agents.

Option 5 - Provision of supplier identifier on supply point specific invoices.

- Advantages.

  - Gives rise to minimal risk.
  - Permits shippers to allocate costs internally.

- Disadvantages.

  - Some UK-Link enhancement would be required.
  - Does not itemise aggregated invoices.
  - Shipper must use 'supplier' attribute.

Option 5A - As 5 but with aggregated domestic invoices further sub divided to 'supplier attribute level'.

- Advantages.

  - Gives rise to minimal risk.
  - Permits shippers to allocate costs internally.

- Disadvantages.

  - Significant UK-Link enhancement would be required.
  - Shipper must use 'supplier' attribute.

Option 6 - Provision of new 'cost centre' attribute within SPA and group invoices.

- Advantages.
  - Gives rise to minimal risk.
  - Permits shippers to allocate costs internally to a predetermined and specific 'cost centre'.
- Disadvantages.
  - Major UK-Link enhancement would be required.

Consensus on the preferred solution was not forthcoming within the Review Group.

Transco's view

Transco recorded its preference for option 1.

Shipper's view

One shipper recorded its belief that the legal concerns tabled by Transco with respect to option 3 were not a complex as was suggested. It expressed the view that the required legal analysis should be reasonably straightforward. Transco, however, expressed its disagreement with this perspective.

Shippers generally expressed the view that option 5A represented a reasonably pragmatic way forward, that potentially involved the least risk.

Transco acknowledged that the requisite systems changes could be undertaken, but expressed the caveat that these required extensive UK-Link enhancement and would only be expedited if the industry determined that the change be prioritised accordingly. Transco also believes that breaking the RbD invoice down by supplier within shipper may significantly increase the number of invoice data rows, estimated at 30,000 peak currently increasing into the hundreds of thousands depending on take up. This increases both Transco and shipper costs in data handling and transmission, and may be reason for the industry to consider whether the facility is cost effective. The objective of RbD was to simplify processes and reduce data items, Transco believes that this option may conflict with these objectives.

Recommendations

The following recommendations reflect that group consensus was not forthcoming with respect to the preferred solution. The dichotomy of views is expressed as follows:

Transco

- For shippers wishing to sub-divide their portfolios, to create separate companies and request individual licences.

Shippers

- Subject to industry prioritisation, to implement UK-Link Change Request UKL4695 'Modification to format of all Transportation Invoices'.

The Review Group believes that no further work is required and that no significant development work is necessary unless the industry determines that UK-Link Change Request UKL4695 be prioritised for implementation.

Appendix 1 - Summary of events.

- **13 October 1997** - Transco rejected AGAS's request for Multi UK- Link accounts.
- **3 July 1998** - AGAS's Modification Proposal received.
- **July 1998** - Modification Panel vote unanimously that proposal be subject to a review.
- **17 August 1998** - Transco invite shipper representation for Review Group membership. One response received.
- **28 September 1998** - First group meeting held (5 meetings held altogether). Two shippers & Ofgem representative in attendance.
- **6 October 1998** - Transco raised UKL4695 'Modification to format of all invoices produced at Supply Point level.
- **23 December 1998** - Transco wrote to shippers to determine:
  - Shipper support for Multi AT-Link accounts.
  - Shipper support for UKL4695.

  5 responses received 1 shipper supported first option, 3 shippers supported second.
  1 shipper was not interested in either option
- **2 March 1999** - Review Group met. Transco registered contractual concerns with regard to proposal. Elf Gas & Power (formerly AGAS) and Transco agreed to consider legal implications.
- **25 March 1999** - Transco wrote to Review Group members expressing it's concern over major Network Code impacts of Review Proposal.
- **20 May 1999** - 3 month extension granted by Modification Panel.
- **19 August 1999** - Further 3 month extension granted by Modification Panel.
- **10 September 1999** - Elf Gas & Power legal analysis received by Transco.
- **10 November 1999** - Final Review Group meeting.
- 16 December 1999 - Review Group Report accepted by Modification Panel.

Appendix 2 - UK-Link system enhancement - estimates.

The estimates below do not include:

- Gathering and agreeing the business requirements.
- Changes to AT-Link and the EB invoice (Options 2 & 4 only).
- Changes required to interfaces, reports, systems built on extracts of S&M (like Billing).
- Costs of shippers to change file header record formats (Options 2 & 4), invoice formats.

Options 2 & 4: Complete solution (see attachment for more detail).

Requirement:

Set up sub-users within UK Link that are recognised as being part of a single shipper organisation, and for which separate invoices are produced.

Assumptions:

1. No changes to business rules.

2. SPA rules that apply to nominations, confirmations, transfers of ownership, etc. apply to sub-users. Note that transfers between sub-accounts would generate the need for opening and closing reads. The sub-accounts would have the same address info, emergency contacts, etc. as for the Shipper.

Estimate:

Once requirements are finalised, it is estimated that to perform analysis, design, development, testing, documentation, and implementation would be **2500 days** or **£900,000.**

Option 5A: Invoices by Supplier (CR4695).

Requirement:

Divide supply-point based invoices by supplier code, using the existing supplier organisation field.

Estimate:

This is a sub-set of the above in principle, and the changes to the Invoicing system will be about the same (150 days design and develop). In addition, there may be changes to validation rules for the supplier field, as well as changes to reports and systems fed by S&M, like Billing.

It is estimated that this change will be about **750 days** or about **£275,000.**