

Dear Colleague,

Teleconference Agenda: Pre-Modification Panel Briefing
Documentation at: www.gasgovernance.co.uk/panel/210515
Teleconference details: 0207 950 1251, access code 21870295#

Please note that we will be hosting a pre-Modification Panel briefing by teleconference starting at 13:00 on Friday 15 May 2015. Discussions will be based on the Modification Panel agenda (www.gasgovernance.co.uk/panel/210515).

This pre-Panel briefing is intended to provide, in particular, an opportunity for smaller parties, including customer representatives as well as smaller Shippers and Suppliers, an opportunity to feed views into the modification process at critical stages. We therefore expect to focus on new Modifications and those on which the Panel will debate whether or not implementation is supported. Similar teleconferences are held on the Monday prior to each monthly Modification Panel meeting (third Thursday of the month). Any views on which information would be most helpful to you, or on the time and format of the teleconference, would be welcome.

Modifications that are on this month's Panel agenda are:

New Modifications

Modification 0536 – Project Nexus – deferral of implementation of elements of Retrospective Adjustment arrangements

Proposed by National Grid Distribution

In seeking to de-risk some elements of the UK Link Replacement Programme (which is implementing Project Nexus), the Transporter's Agent, Xoserve, identified that the functionality relating to Retrospective Adjustments under Modification 0434 (plus Unique Sites systemisation, which is not part of a UNC modification) involved the most customisation of the core SAP product. Xoserve have confirmed that they have stopped work on this functionality to focus resources on the core delivery and have consulted industry parties on the matter, resulting in a recommendation at the Project Nexus Steering Group that 0434 is deferred. This modification proposes to defer that element for six months.

The Proposer is not seeking self-governance status for this modification, believing that the deferral will have a material effect on competition.

<http://www.gasgovernance.co.uk/0536>

Modification 0537 – Change of Project Nexus Implementation Date to 1st April 2016

Proposed by Total Gas and Power

Based upon the situation explained (above) for 0536, this modification proposes to defer the entire programme for six months as, in the proposer's opinion, such a partial deferral would lead to a deterioration in data quality with a consequential impact upon consumers.

The Proposer is not seeking self-governance status for this modification, believing that the deferral will have a material effect on competition.

<http://www.gasgovernance.co.uk/0537>

Please Note: Both 0536 and 0537 were requested as being Urgent Modifications in order to provide earliest certainty to industry parties. As is usual in these situations, Ofgem asked for a Panel view on the requests for Urgency along with the suggested timelines.

Ahead of the Panel teleconference, on 01 May 2015, the Project Nexus Steering Group met and considered a report from the Project Assurance Manager that the Market Trials were significantly at risk (<http://www.gasgovernance.co.uk/NexusSG/010515>). The Steering Group recommended that the target date of 01 October 2015 should be retained for the completion of all core build activities such that an optimal Market Trials phase could be entered during October and requested that (i) Xoserve identify the earliest date at which the functionality for 0434 Retrospective Adjustments would be available, and (ii) the Project Assurance Manager develop, with industry input, the scope and timeline for optimal Market Trials. The Steering Group will review the proposals at its' next meeting on 02 June 2015 and, after a short informal consultation amongst affected parties, look to make a recommendation on a revised plan on 15 June. There will then be further formal UNC modification/s to enable the recommended changes.

As a result, Panel's view was that modifications 0536 and 0537 did not merit Urgent status, which Ofgem confirmed on 12 May 2015. The modifications will therefore be treated as any other new proposal and presented for Panel consideration on 21 May 2015.

Implementation Recommendations

Modification 0510 – Reform of Gas Allocation Regime at GB Interconnection Points

This modification proposes to put in place aspects of the EU Interoperability and Data Exchange Code (the INT Code) for the allocation of gas quantities between adjacent Transporters. It includes nominations and allocations at Interconnection Points, along with the arrangements around the TSO's Operational Balancing Account.

Of the 3 representations received, 2 supported implementation and a further 1 provided qualified support (would like further information about the related Operational Balancing Agreement between the two TSOs); respondents generally agreed with the proposer that this modification meets the requirements of the INT Code.

Panel members will be asked whether consultation responses have raised any new relevant issues that should be assessed by the Workgroup or, if not, whether they recommend implementation.

<http://www.gasgovernance.co.uk/0510>

Modification 0519 – Harmonisation of Reference Conditions at Interconnection Points

This modification proposes to align the UNC with the EU Interoperability and Data Exchange Code (INT), which requires the use of reference conditions of 0°C for volume and 25°C for calorific value for any data exchange at Interconnection Points (the GB regime currently uses reference conditions of 15°C for volume and 15°C for calorific value). The proposed solution aims to 'ring-fence' the application of 0/25 reference conditions to the IP processes for which they are mandated whilst keeping processes at all other GB system points, as well as operational and GB User balancing, unchanged at 15/15 conditions.

Of the 3 representations received, 2 supported implementation and a further 1 provided comments; respondents generally agreed with the proposer that this modification meets the requirements of the INT Code.

Panel members will be asked whether consultation responses have raised any new relevant issues that should be assessed by the Workgroup or, if not, whether they recommend implementation.

<http://www.gasgovernance.co.uk/0519>

Modification 0527 – Implementation of Annual Quantity Arrangements (Project Nexus transitional modification)

This modification proposes transitional arrangements (ie they will fall away once Nexus is implemented) to clarify a backstop meter reading definition that is used in the derivation of the Annual Quantity for cutover to Nexus.

Of the 6 representations received, implementation was unanimously supported; respondents agreed with the proposer that this modification provides an orderly transition to the new regime.

Panel members will be asked whether consultation responses have raised any new relevant issues that should be assessed by the Workgroup or, if not, whether they recommend implementation.

<http://www.gasgovernance.co.uk/0527>

Modification 0528 – Implementation of Supply Point Administration, gas allocation and settlement arrangements (Project Nexus transitional modification)

This modification proposes transitional arrangements to address the transition of data between the existing and new regimes. In addition, a number of cutover-related changes are identified.

Of the 5 representations received, 3 supported implementation, 1 provided comments and 1 was not in support. Respondents agreed with the intent of the proposal, but opinions differed about whether there was sufficient detail included.

Panel members will be asked whether consultation responses have raised any new relevant issues that should be assessed by the Workgroup or, if not, whether they recommend implementation.

<http://www.gasgovernance.co.uk/0528>

Self Governance

Modification 0516S – Information provision by large customers to aid understanding of site characteristics

This modification proposes to create a process for large gas customers to provide information to the gas transporters for use in emergency plan and constraint management. It does not provide the customer any further protection or leeway from being curtailed and the transporters will continue to have complete discretion over how they handle an emergency.

Of the 10 representations received, 6 supported implementation, 1 offered qualified support, 2 provided comments and 1 was not in support. Shipper respondents generally agreed with the proposer that this modification introduces a useful process for large customers to indicate site-specific information. Transporter respondents had concerns about the relevance of the modification, since it would not change the load shedding process used in the event of a gas emergency.

Panel members will be asked whether consultation responses have raised any new relevant issues that should be assessed by the Workgroup or, if not, whether the modification should be implemented.

<http://www.gasgovernance.co.uk/0516>

Modification 0533S – Corrections to Network Entry Provisions in the National Grid NTS-BBL Interconnection Agreement

This enabling modification proposes minor corrections to the above agreement and does not impact upon operational matters or gas quality.

Of the 2 representations received, implementation was unanimously supported; respondents agreed with the proposer that this modification merely corrects drafting errors.

Panel members will be asked whether consultation responses have raised any new relevant issues that should be assessed by the Workgroup or, if not, whether the modification should be implemented.

As it is an enabling modification, it is used by the parties to evidence industry views on the proposed changes in a subsequent request to Ofgem to amend the Agreement.

<http://www.gasgovernance.co.uk/0533>

I hope this summary is helpful.

Regards,

Les Jenkins
Joint Office of Gas Transporters
Tel: 0121 288 2107
Email: enquiries@gasgovernance.co.uk

UNC related documents can be accessed via our website:

www.gasgovernance.co.uk