

UNC Workgroup 0606S Minutes

National Grid Gas plc and National Grid Gas Distribution Limited transitional invoicing arrangement post Project Nexus implementation

Thursday 05 January 2017

Elexon, 350 Euston Road, London NW1 3AW

Attendees

Chris Shanley (Chair)	(CS)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Aisling Jensen-Humphreys	(AJH)	ConocoPhillips
Andrew Blair	(AB)	Interconnector UK
Andrew Pearce	(AP)	BP Gas
Angharad Williams	(AW)	National Grid NTS
Anna Shrigley	(AS)	Eni Trading & Shipping
Charles Ruffell	(CR)	RWE
Chris Warner	(CW)	National Grid Gas Distribution
Colin Hamilton	(CH)	National Grid NTS
David Cox	(DC)	London Energy Consulting
David Eastlake*	(DE)	CVSL
David O'Donnell	(DO)	NMSP
David Turpin*	(DT)	Xoserve
Gerry Hoggan	(GH)	ScottishPower
Graham Jack	(GJ)	Centrica
Howard Miller	(HM)	CVSL
Jeff Chandler	(JCh)	SSE
John Costa	(JCo)	EDF Energy
Julie Cox*	(JCx)	Energy UK
Justin Goonsinghe	(JG)	National Grid NTS
Murray Kirkpatrick	(MK)	BP Gas
Nick Wye	(NW)	Waters Wye Associates
Phil Hobbins	(PH)	National Grid NTS
Richard Fairholme*	(RF)	Uniper
Sean Hayward	(SH)	Ofgem
Steve Britton*	(SB)	Cornwall-Insight
Steve Nunnington	(SN)	Xoserve
Terry Burke	(TB)	Statoil

*via teleconference

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0606/050117>

The Workgroup Report is due to be presented at the UNC Modification Panel by 16 March 2017.

1.0 Outline of Modification

CW introduced the modification, explaining it had been reviewed by the December UNC Distribution Workgroup, and was being brought to this UNC Transmission Workgroup to raise awareness of the proposed changes and to identify/take note of any additional concerns.

The purpose of the modification was to provide for a transitional arrangement for the invoicing of certain Transportation Charges by National Grid Gas plc and National Grid Gas Distribution Limited following implementation of Project Nexus.

Following the Project Nexus Implementation Date (PNID) on 01 June 2017, it will not be possible for National Grid Gas Distribution Limited (NGGDL) and National Grid Gas plc (NGG) to issue invoices in respect of certain Transportation Charges. The Transporter Agency, Xoserve has advised that changes to the post Project Nexus UK Link system to permit the separate billing of certain Transportation Charges by each of NGG and NGGDL cannot be implemented without giving rise to unacceptable risk to the Project Nexus implementation programme and the PNID.

Because of the limitations on changes to the new UK Link system in the time ahead of PNID, the UNC needs to be amended to ensure that it reflects the reality of the processes in operation at any time. Introducing the transitional terms described in this modification ensures that the Code is accurate.

'Transmission Re-billing'

Once New UK Link goes live, certain transportation invoices issued by NGGD will contain NTS charges. For these invoices a same-day credit note will cancel this portion of the invoice, and an NTS invoice will be issued to Shippers. This UNC Modification 0606S is being proposed to facilitate this change, referred to as 'Transmission re-billing', and is required to be in force until the New UK Link system can be updated (timing subject to Industry discussion and post-Go Live system release timetable).

UNC transitional terms are therefore proposed that would permit a process to be implemented whereby NGGDL is able to issue certain invoice types which contain Transportation Charges relating to the NTS and NGGDL's Distribution Networks. NGGDL would then issue an ancillary invoice to credit the NTS related Transportation Charges and then NGG would issue its own ancillary invoice in respect of the NTS related Transportation Charges. This means that Shipper Users would receive, for a limited period, three invoices for certain Transportation Charges relating to the NTS. (All other invoice types would be outside the scope of these arrangements and would continue to be invoiced in the normal way.)

Illustrating the Solution from a Shipper perspective, CW explained the changes required in more detail. Changes to the Nexus platform will be made at the earliest opportunity following Nexus implementation, taking into account stability and hyper-care priorities.

Summarising the proposed arrangements, CW confirmed that this Solution (Transmission Re-billing) preserves the Project Nexus delivery/implementation plan and does not require further system testing with Shippers. Same-day processing will take place, whereby Xoserve will issue the original combined TGT invoice, associated credit note and re-billed NTS invoice to Shippers on the same day. It was anticipated that approximately 12 additional documents per month would be sent to Shippers (depending on which invoices a party receives). Clear referencing of documents will ensure the Reconciliation of credit notes to invoices. There will be no change to Invoice validation, which is expected to be able to be performed by Shippers exactly as currently. Supporting information will be provided by Xoserve to Shippers for all transportation charges that are invoiced, as is currently the case.

A Q and A document had been published to provide additional clarity, and parties were encouraged to read this. Dave Turpin, Xoserve's Customer and Contracts Manager, (dave.turpin@xoserve.com or networksupport@xoserve.com) would be happy to receive/respond to any further questions/concerns.

2.0 Discussion

2.1. General

NW asked why the reconciliation of invoices/monies between the separated National Grid entities could not be done without involvement from Shippers. CW responded that it was the

view of the National Grid central team looking after the Distribution network sale that the proposed method was the most appropriate. NW reiterated that Shippers should not incur/have costs imposed upon them (and no mention of compensation) because of National Grid's perceived inability to sort out its own invoicing arrangements following its business decision to sell off part of it. Noting NW's points, CW said that this had been discussed at the Distribution Workgroup, and there is no mechanism in place to address these Shipper costs. NW commented that this looked like the worst solution rather than the best, and it would be helpful to understand what options have been considered, why they have been discounted, and why this current proposition is perceived to be the most appropriate. It would also be helpful to include these explanations in the Q and A document for clarity and republication.

Action 0101: Invoicing Solution requiring Shipper involvement - CW to provide a clear explanation of what other options have been considered and why they have been discounted, and why this current proposition requiring Shipper involvement is perceived to be the most appropriate. CW also to include these explanations in the Q and A document and republish.

NW then asked what would be the cost to the industry to implement this modification. DT responded that estimates had been provided to National Grid, and the costs were expected to be paid for by them.

The modification itself was then displayed and CW gave a brief overview. Comments on the proposed legal text would be welcomed.

2.2. Initial Representations

None received.

2.3. Issues and Questions from Panel

None received.

2.4. Terms of Reference

The standard UNC Workgroup Terms of Reference apply and are available at <http://www.gasgovernance.co.uk/mods>.

3.0 Next Steps

CW confirmed that this modification would now continue its development through the Distribution Workgroup (the next meeting of Workgroup 0606S would therefore take place on Thursday 26 January 2017 at Consort House, 6 Homer Road, Solihull B91 3QQ).

Although it was not intended to bring it to the Transmission Workgroup again for debate, CW confirmed that he would provide updates on progress. CS suggested that given the issues raised it was appropriate for the draft Workgroup Report 0606S to be brought back to the Transmission Workgroup for inclusion of its views prior to submission to the UNC Modification Panel.

4.0 Diary Planning

Further details of planned meetings are available at: www.gasgovernance.co.uk/Diary

Time/Date	Venue	Workgroup Programme
Thursday 26 January 2017 <i>(Distribution Workgroup)</i>	Consort House, 6 Homer Road, Solihull B91 3QQ	<ul style="list-style-type: none"> Amended Modification Development of Workgroup Report
<i>To be confirmed -</i> Thursday 02 February 2017 <i>(Transmission Workgroup)</i>	Elexon, 350 Euston Road, London NW1 3AW	<ul style="list-style-type: none"> Review of draft Workgroup Report to include the views of the Transmission Workgroup - prior to submission to the UNC Modification Panel
Thursday 23 February 2017 <i>(Distribution Workgroup)</i>	Elexon, 350 Euston Road, London NW1 3AW	<ul style="list-style-type: none"> Development of Workgroup Report
<i>To be confirmed -</i> Thursday 02 March 2017 <i>(Transmission Workgroup)</i>	Elexon, 350 Euston Road, London NW1 3AW	<ul style="list-style-type: none"> Review of draft Workgroup Report to include the views of the Transmission Workgroup - prior to submission to the UNC Modification Panel

Action Table (as at 05 January 2017)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
1201	22/12/16	1.0	To clarify what and how, Value at Risk (VAR) would be calculated under the provisions of the modification.	NGGDL (CW)	Carried forward
0101	05/01/17	2.0	<i>Invoicing Solution requiring Shipper involvement</i> - CW to provide a clear explanation of what other options have been considered and why they have been discounted, and why this current proposition requiring Shipper involvement is perceived to be the most appropriate. CW also to include these explanations in the Q and A document and republish.	NGGDL (CW)	Pending