





UNC Modification	At what stage is this document in the process?
<h1>UNC 0736:</h1> <h2>Clarificatory change to the AQ amendment process within TPD G2.3</h2>	<div>01 Modification</div> <div>02 Workgroup Report</div> <div>03 Draft Modification Report</div> <div>04 Final Modification Report</div>
<p>Purpose of Modification:</p> <p>This Modification proposes to make a change to the AQ amendment process outlined in the Uniform Network Code Transportation Principles Document Section G 2.3 (UNC TPD G2.3) in order to clarify the circumstances in which such amendments can be made.</p>	
	<p>The Proposer recommends that this modification should be:</p> <ul style="list-style-type: none"> subject to self-governance assessed by a Workgroup <p>This Modification will be presented by the Proposer to the Panel on 17 September 2020. The Panel will consider the Proposer's recommendation and determine the appropriate route.</p>
	<p>High Impact:</p> <p>None</p>
	<p>Medium Impact:</p> <p>CDSP, Shippers, Transporters</p>
	<p>Low Impact:</p> <p>None</p>

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Timetable		 0121 288 2107
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Pre-Modification discussion		27 August 2020
Modification consideration by Panel		17 September 2020
Initial consideration by Workgroup		24 September 2020
Workgroup Report presented to Panel		15 October 2020
Draft Modification Report issued for consultation		15 October 2020
Consultation Close-out for representations		05 November2020
Final Modification Report available for Panel		19 November 2020
Modification Panel decision		19 November 2020

1 Summary

What

The Uniform Network Code (UNC) currently allows for the amendment of a Supply Point Annual Quantity (AQ) when the AQ does not reflect the expected consumption of gas over the following 12 month period. Three **‘eligible causes’** (G2.3.21) exist which a User can utilise in order to justify the requirement for an AQ amendment.

The AQ amendment process, defined by UNC Modification 0432 - *Project Nexus – Gas Demand Estimation, Allocation, Settlement and Reconciliation reform* and refined by UNC Modification 0610 - *Project Nexus - Miscellaneous Requirements*, was always meant to be an exceptions process only and not designed to facilitate mass AQ amendment process changes. This expectation was outlined within the relevant Project Nexus Business Requirements Definition document (BRD) where it stated *“8.6.1 This is an exception process to amend the AQ in certain circumstances. This process is not to be used for ‘normal’ AQ increases or decreases whereby the submission of reads will update the AQ over time.”*

<https://gasgov-mst-files.s3.eu-west-1.amazonaws.com/s3fs-public/ggf/Annual%20Quantity%20BRD%20v6.0%20Approved.pdf>

This Modification seeks to address and clarify the intent of the rules regarding which User can make use of the eligible cause *“the commencement of a new business activity or discontinuance of an existing business activity at the consumer’s premises”* (often referred to as ‘Reason Code 3’).

Why

The Modification seeks to clarify that a User within the same organisation or an affiliate of the previously Registered User cannot utilise ‘Reason Code 3’ to justify an AQ amendment. In our view this is a correct interpretation of the process envisaged within the Project Nexus AQ amendment BRD, i.e. only for new registrations following a switching event, *“following registration of a **new** Supply Meter Point evidence that available reads do not represent the AQ recorded”*.

How

UNC TPD G2.3.24(b) will be amended to disallow Users from utilising the AQ amendment process as per ‘reason code 3’ where the relevant Supply Point has moved between Users within the same organisation group.

2 Governance

Justification for Self-Governance

This Modification makes a minor amendment to the AQ amendment ‘exceptions’ process, and as such does not have a material impact on gas consumers, competition, pipeline operations, security of supply, governance procedures and does not discriminate between code parties.

Requested Next Steps

This Modification should be:

- Considered a non-material change and subject to Self-Governance
- Assessed by a Workgroup.

3 Why Change?

There are provisions within UNC for a User to make amendments to any of its registered Supply Point AQs where it believes that the AQ is not representative of its consumption over the following 12-month period.

UNC outlines three '**eligible causes**' which a User can rely on when making such an AQ amendment. The eligibility criteria within UNC TPD G2.3.21(c) (known commonly as reason code 3) is designed to allow a User to make an amendment to an individual Supply Point where the AQ may not be deemed an accurate representation of expected gas usage.

This Modification will provide clarification regarding which Users can make use of 'Reason Code 3'.

This Modification is therefore required to clarify that:

- Supply Points which are within the same organisation and/or under common ownership as the previous Registered User cannot submit AQ amendments under UNC TPD G2.3.21(c).

4 Code Specific Matters

Reference Documents

Annual Quantity Business Requirements Definition for Project Nexus V6.0

<https://gasgov-mst-files.s3.eu-west-1.amazonaws.com/s3fs-public/ggf/Annual%20Quantity%20BRD%20v6.0%20Approved.pdf>

<https://www.gasgovernance.co.uk/nexus/brd/aq>

Knowledge/Skills

Nothing specific.

5 Solution

BR1: A change is required to UNC TPD G2.3.24(b) to disallow a User making an AQ amendment under TPD G2.3.21(c) where the outgoing User is in the same group, e.g. it is the incoming Users parent, a subsidiary of the incoming User or sister company, i.e. with the same parent as the outgoing User.

BR2: Until Shippers have confirmed group details to the CDSP (this should include where they are grouped or confirmation they do not have a group), any User submitted AQ Corrections utilising reason code 3 (TPD G2.3.21(c)) will not be classed as valid.

BR3: Where there is a change or amendment to any group arrangements, the Shipper is responsible for notifying the CDSP of such change.

For avoidance of doubt, if following an AQ Correction using reason code 3, the CDSP undertake an investigation and it is identified the AQ Correction is invalid, the AQ Correction can be cancelled.

6 Impacts & Other Considerations

Does this modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

No impact identified

Consumer Impacts

No direct impact

Cross Code Impacts

No impact

EU Code Impacts

No impact

Central Systems Impacts

A change will be required to create and maintain a User Relationship Table.

7 Relevant Objectives

Impact of the modification on the Relevant Objectives:

Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	None
b) Coordinated, efficient and economic operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters.	None
c) Efficient discharge of the licensee's obligations.	None
d) Securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers.	Positive
e) Provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards... are satisfied as respects the availability of gas to their domestic customers.	None
f) Promotion of efficiency in the implementation and administration of the Code.	None
g) Compliance with the Regulation and any relevant legally binding decisions of	None

the European Commission and/or the Agency for the Co-operation of Energy Regulators.	
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This Modification would remove the ability for a User to move its portfolio to another User within the same organisation in order to make use of the AQ amendments process and reduce its overall AQ and corresponding Transportation charge exposure.

These changes would ensure that the AQ amendment process is only used as an exceptions process which was as originally envisaged. This would remove the ability to make mass AQ changes and therefore reduce levels of avoided charges being socialised across other industry parties; this would therefore further Relevant Objective *d) Securing of effective competition*

8 Implementation

As Self-Governance procedures are proposed, implementation could be sixteen business days after a Modification Panel decision to implement, subject to no Appeal being raised.

9 Legal Text

Text Commentary

To be provided

Text

To be provided

10 Recommendations

Proposer's Recommendation to Panel

Panel is asked to:

- Agree that this Modification should be treated as Self Governance; and
- Issued to Workgroup for assessment.