

0580S:

Implementation of Non Effective Days to enable Annual AQ Review (independent of Nexus transition)



The volume of data processed to support the Annual AQ process is significant. There is insufficient time to ensure that all AQ data is processed and consistently populated across UK Link Systems and to Users. This modification seeks to introduce Non Effective Days in order to facilitate this review.



Responses invited by **10 June 2016**.










High Impact:
Transporters, Shipper Users, Suppliers



Medium Impact:
None



Low Impact:
None

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About this document:		 commercial.enquiries@xoserve.com												
<p>This Draft Modification Report is issued for consultation responses, at the request of the Panel on 19 May 2016. All parties are invited to consider whether they wish to submit views regarding this self-governance modification.</p> <p>The close-out date for responses is 10 June 2016, which should be sent to enquiries@gasgovernance.co.uk. A response template, which you may wish to use, is at http://www.gasgovernance.co.uk/0580.</p> <p>The Panel will consider the responses and agree whether or not this self-governance modification should be made.</p>		Additional contacts: David Addison												
<p>The Workgroup recommends the following timetable:</p> <table border="1"> <tbody> <tr> <td>Initial consideration by Workgroup</td> <td>28 April 2016</td> </tr> <tr> <td>Workgroup Report presented to Panel</td> <td>19 May 2016</td> </tr> <tr> <td>Draft Modification Report issued for consultation</td> <td>19 May 2016</td> </tr> <tr> <td>Consultation Close-out for representations</td> <td>10 June 2016</td> </tr> <tr> <td>Final Modification Report published for Panel</td> <td>13 June 2016</td> </tr> <tr> <td>UNC Modification Panel decision</td> <td>16 June 2016</td> </tr> </tbody> </table>		Initial consideration by Workgroup	28 April 2016	Workgroup Report presented to Panel	19 May 2016	Draft Modification Report issued for consultation	19 May 2016	Consultation Close-out for representations	10 June 2016	Final Modification Report published for Panel	13 June 2016	UNC Modification Panel decision	16 June 2016	 David.Addison@xoserve.com
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UNC Modification Panel decision	16 June 2016													

1 Summary

Is this a Self-Governance Modification?

The Modification Panel determined that this is a Self Governance modification since it only repeats the Ofgem approved effects of UNC Modification 0535 (which applied to annual AQ review AQ15). Therefore, the non-effective days required for AQ16 do not present a material impact on consumers because the transfer of registration process is not extended.

The Workgroup recommends that this modification should not follow self-governance procedures, as this modification is likely could have a material impact on consumers and contractual arrangements. It was noted that although Ofgem had previously approved a similar modification, this would not provide justification that the changes proposed in this modification were immaterial. In addition, the number of non-effective days proposed have increased to ensure they are consistent with those proposed for Project Nexus implementation.

Is this a Fast Track Self-Governance Modification?

No, because this is not a housekeeping change.

Why Change?

Without this modification the prescribed timescales in the UNC do not allow enough time to process the significant volumes of data necessary to manage the Annual AQ review. This modification has been raised on behalf of industry parties in order to enable efficient management of the Annual AQ review activities.

Solution

This modification proposes that seven (7) Non Effective Days are introduced between 24th and 30th September 2016.

Relevant Objectives

It is proposed that this will have a positive effect on Relevant Objectives f).

Implementation

No implementation timescales are proposed.

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

This modification does not impact a Significant Code Review.

The modification does have a linkage to Nexus implementation and associated UNC modification 0432 "Implementation of Non Effective Days (Project Nexus Transitional modification)", in that the seven non-effective days proposed will occur concurrently. This modification is not dependent upon modification 0432 as the non-effective days under this modification 0580 are required irrespective of those under 0432.

2 Why Change?

The timescale between the Objection Deadline and the Supply Point Registration Date (commonly referred to as the confirmation period) is 2 business days. These 2 days allow a period where the change of shipper event is confirmed – i.e. it cannot be stopped – and therefore industry participants can undertake activities in preparation for the Supply Point Registration Date.

In normal operation this period is sufficient that the data can be collated from the Supply Point Administration element of UK Link Systems and provided to Gemini to ensure that the demand attribution can run effectively and that this data is viewable to Users at D-1.

During the AQ review process a significant proportion of the Supply Meter Points have Aqs recalculated resulting in significant data updates. This requires additional time to collate, validate and propagate the data between the two elements of the UK Link system. Consistent with the AQ Review Process in 2015 (UNC Modification 0535 refers), it is proposed that Non Effective days are added in order to provide sufficient time to process the large volumes of data.

The impact of not making this change will mean that the Gemini will not be able to publish robust Demand figures for NDM sites therefore this would pose significant risks to Energy Balancing processes and consequently individual User positions.

3 Solution

In order to provide sufficient time to process the large volumes of data, seven Non Effective days are required. This modification proposes that seven Non Effective Days are introduced between 24th – 30th September 2016. Following industry discussion, it has been agreed that seven Non Effective Days are required as this reflects the arrangements under Modification 0432 “Implementation of Non Effective Days (Project Nexus Transitional modification)”, and therefore provides Shipper Users with increased certainty when engaging with customers and arranging contract commencement dates. It has been agreed that a stable position of seven Non Effective Days would minimize the risks of any issues being encountered during registration activities, thus ensuring that the customer experience is maintained positively.

The effect of the Non Effective days will primarily bring forward the Objection Deadline to Wednesday 21st September 2016 for change of shipper events where the Supply Point Registration Date is within the critical processing period and the User has submitted the confirmation with the minimum timescales.

This solution enables the Transporter Agency to generate the relevant flows and validate them.

This solution does not impact the minimum switching timescales as this – following Faster Switching – is based upon a minimum number of calendar days having expired. For confirmations that are in progress, with the minimum timescales, it does reduce the objection period for the impacted confirmations.

By setting these dates as Non Effective this will mean that files will not be processed during this time.

It is proposed that the Non Effective days would apply to the following processes in UNC section G and M. The following processes and communications would be impacted as a result of the Non Effective days:

- Supply Point Enquiry
- Supply Point Nomination
- Supply Point Offer
- Supply Point Confirmation
- Supply Point Objection

- Supply Point Withdrawal
- Request for Isolation
- Application to Increase or Reduce Supply Point Capacity
- NDM Meter Readings
- Meter Information Notifications and Meter Information Update Notifications
- Revisions to AQ – ‘New Business’ Large Supply Point Appeals

Supply Point Confirmations can become effective on these Non Effective days.

These Non Effective days shall not constitute Supply Point System Business Days for the purposes of the above processes.

Relief from DM Liabilities is not required.

Liability relief related to the processes described above being subject to the Non Effective Days – i.e. Supply Point Offers, Supply Point Nominations (specifically Referrals) and updates to the Supply Point Register where the Meter Installation Works is completed by the Transporter.

User Pays	
Classification of the modification as User Pays, or not, and the justification for such classification.	No User Pays service would be created or amended by implementation of this modification and it is not, therefore, classified as a User Pays Modification.
Identification of Users of the service, the proposed split of the recovery between Gas Transporters and Users for User Pays costs and the justification for such view.	N/A
Proposed charge(s) for application of User Pays charges to Shippers.	N/A
Proposed charge for inclusion in the Agency Charging Statement (ACS) – to be completed upon receipt of a cost estimate from Xoserve.	N/A

4 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:	None

<ul style="list-style-type: none"> (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. 	
<p>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.</p>	None
<p>f) Promotion of efficiency in the implementation and administration of the Code.</p>	Positive
<p>g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.</p>	None

This modification will further relevant objective f), Promotion of efficiency in the implementation and administration of the Code. It will allow the Transporter Agency sufficient time to validate and propagate information within UK Link Systems and to Users within the required timescales. The solution proposed eliminates significant changes to central systems that would have otherwise been required to support 0477 – i.e. to enable the confirmation period and provision of data to Gemini on the same day. Such performance changes from the previous five day window (from D-7, the previous objection deadline, to D-2 when the data is passed to Gemini) to same day processing would have required considerable time to conduct analysis and after implementation may not have delivered the necessary enhancements. This might have only been identified once significant investment had been expended.

By confirming 7 non effective days during this period being the same as those proposed and planned for under Modification 0532, will provide the industry with certainty on the management of their systems and processes and therefore ensure the effective administration of Code.

5 Implementation

No implementation timescales are proposed. However, 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.

The Workgroup recommends that this modification should not follow self-governance procedures and therefore should be implemented as soon as reasonably practicable following an Ofgem decision to do so.

6 Impacts

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

This modification does not impact a Significant Code Review.

The modification does have a linkage to Nexus implementation and associated UNC modification 0432 “Implementation of Non Effective Days (Project Nexus Transitional modification)”, in that the seven non-effective days proposed will occur concurrently. This modification is not dependent upon modification

0432 as the non-effective days under this modification 0580 are required irrespective of those under 0432.

7 Legal Text

Text Commentary

The legal text for this modification seeks to suspend relevant sections of code to enable the Annual AQ review to take place on the 24th, 25th, 26th, 27th, 28th, 29th and 30th September 2016.

Text

The Transition Document Part II C shall be amended by removing the existing paragraph 3 and replacing it with the following new paragraph 3:

3 IMPLEMENTATION OF NON-EFFECTIVE DAYS TO ENABLE ANNUAL AQ REVIEW

3.1 In order to enable the annual AQ review 24th, 25th, 26th, 27th, 28th, 29th and 30th September 2016 shall be deemed not to be Supply Point System Business Days for the purposes of:

- a. paragraph 1.6.11 of TPD Section G;
- b. paragraph 1.8.4 of TPD Section G;
- c. paragraph 1.17.8 of TPD Section G;
- d. paragraph 2.3.4 of TPD Section G;
- e. paragraph 2.4.6 of TPD Section G;
- f. paragraph 2.5.8 of TPD Section G;
- g. paragraph 2.5.11 of TPD Section G;
- h. paragraph 2.6.3 of TPD Section G;
- i. paragraph 2.7.5 of TPD Section G;
- j. paragraph 2.8.1 of TPD Section G;
- k. paragraph 2.8.3 of TPD Section G;
- l. paragraph 2.8.5 of TPD Section G;
- m. paragraph 3.1.5 of TPD Section G;
- n. paragraph 3.2.4 of TPD Section G;
- o. paragraph 3.3.1 of TPD Section G;
- p. paragraph 3.3.2 of TPD Section G;
- q. paragraph 3.5 of TPD Section G;
- r. paragraph 4.1 of TPD Section G;
- s. paragraph 5.1.5 of TPD Section G;
- t. paragraph 5.1.6 of TPD Section G;
- u. paragraph 5.1.10 of TPD Section G;
- v. paragraph 5.6.5 of TPD Section G;
- w. paragraph 3.2.3 of TPD Section M;

- x. paragraph 3.2.6 of TPD Section M;
- y. paragraph 3.2.7 of TPD Section M;
- z. paragraph 3.2.9 of TPD Section M;
- aa. paragraph 3.2.11 of TPD Section M;
- bb. paragraph 3.2.15 of TPD Section M;
- cc. paragraph 3.2.16 of TPD Section M;
- dd. paragraph 3.3.4 of TPD Section M;
- ee. paragraph 3.3.7 of TPD Section M;
- ff. paragraph 3.8.2 of TPD Section M;
- gg. paragraph 3.8.3 of TPD Section M;
- hh. paragraph 3.8.4 of TPD Section M; and
- ii. paragraph 3.8.5 of TPD Section M

8 Recommendation

The Panel have recommended that this report is issued to consultation and all parties should consider whether they wish to submit views regarding this self-governance modification.

Panel have also asked respondents to:

1. Provide clear views and supporting evidence on the self-governance status identified in Section 1 of this report focusing, in particular, on whether they believe this proposal is likely to have a material impact upon competition in the shipping, transportation or supply of gas.
2. Provide views on the number of non-effective days thought to be appropriate, including a justification.