

# 0497: Removal of the CSEP NExA table held within Annex A part 8

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To remove the CSEP NExA table held within Annex A part 8 and refer to the AQ table contained within the relevant Ancillary Document set out in the iGT UNC



Panel recommended implementation.



High Impact:



Medium Impact: Users (Shippers) and iGTs



Low Impact: Large Transporters

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## About this document:

This Final Modification Report will be presented to the Panel on 16 October 2014.

The Authority will consider the Panel's recommendation and decide whether or not this change should be made.



Any questions?

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Modification Report

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# 1 Summary

## Is this a Self-Governance Modification?

The Modification Panel determined that this is not a self-governance modification because it is likely to have material effect on competition in the shipping, transportation or supply of gas conveyed through pipes or any commercial activities connected with the shipping, transportation or supply of gas conveyed through pipes.

## Why Change?

Currently, AQ values contained within the CSEP NExA table are fixed and as such do not get updated on a yearly basis in line with the AQ review, therefore AQ values can quickly become outdated. With the continued energy efficiency measures the domestic market has undertaken and the general demand reduction measures consumers are applying, it is now appropriate that not only should the CSEP NExA table be reviewed in accordance with iGT 051 ANC - amendment of iGT AQ Review Procedures Document, but also updated annually.

Implementation of iGT 053 allows for an annual update of the CSEP NExA. It now seems appropriate to introduce a process whereby the amended values provided in this process are reflected in the CSEP NExA as soon as they are published by the iGTs

## Solution

Following on from the work carried out at the iGT 053 development workgroup, the general consensus between iGTs and Shippers is that Annex A, Part 8 of the CSEP NExA should be amended on an annual basis to reflect the latest values of the AQ table published by the iGTs.

The purpose of this modification point the CSEP NExA to the most up to date version of the AQ table published by the iGTs, and delete the AQ table published in the Annex A Part 8 of the CSEP.

## Relevant Objectives

*f) Promotion of efficiency in the implementation and administration of the code*

Implementation of this change will improve the efficiency of the implementation and administration of the code.

## Implementation

Although no Implementation timescales are proposed, it is anticipated any decisions made regarding an implementation date, will need to be in line with iGT053 but no later than 26th June 2015.

## 2 Why Change?

The AQ values used in the CSEP NExA table are fixed and although they are reviewed they are not updated on a yearly basis in line with the yearly AQ review, therefore the AQ values can quickly become out-dated and out of step with those published by iGTs. On January 20th 2012, the Authority decided that Modifications UNC392 and iGT040V to amend the AQ values in the CSEP NExA table be implemented, this resulted in a downward revision of the AQ values, calculated based on included data from the 2010 AQ Review.

With the continued energy efficiency measures the domestic market has undertaken and the general demand reduction measures consumers are applying, It is now appropriate that, not only should the CSEP NExA table to be reviewed in accordance with iGT 051 ANC - amendment of iGT AQ Review Procedures Document, but also updated annually when the iGT table is, in line with iGT 053.

With the implementation of the SMART metering rollout over the next 6/7 years, consumers will become savvier in the way they consume energy and usage patterns are expected to alter as a result. By reflecting the view of the latest tables the AQ values will be more accurate, taking into account customer behaviour whilst they adapt to SMART, and other incentives.

## 3 Solution

Following on from the work carried out at the iGT 053 development workgroup, the general consensus between iGTs and Shippers is that Annex A, Part 8 of the CSEP NExA should be amended on an annual basis to reflect the latest values of the AQ table published by the iGT's.

The purpose of this modification is to point the CSEP NExA to the most up to date version of the AQ table published by the iGT's, and delete the AQ table published in the Annex A Part 8 of the CSEP.

Amendment is required to Annex A Part 8 of the LDZ CSEP NExA remove the existing AQ table and introduce relevant terms to Part 1 which have the effect of applying the AQ table contained within the relevant Ancillary Document set out in the iGT UNC.

### Costs

User Pays
Classification of the modification as User Pays, or not, and the justification for such classification.
This Proposal is not User Pays because no user pays service is created or amended, and no Transporter Agency costs are anticipated as a result of implementation.
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: (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.	None
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.	Positive
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.	None

### f) Promotion of efficiency in the implementation and administration of the Code

Removing the need to review and update the AQ table published in Part 8, Annex A of the CSEP NExA to reflect the most current values, will remove the need to raise a modification to change the table as the as the CSEP NExA will point to the most current version published by iGTs and therefore further the relevant objective f) Promotion of the efficiency in the implementation and administration of the Code.

## 5 Implementation

Although no Implementation timescales are proposed, it is anticipated any decisions made regarding an implementation date, will need to be in line with iGT053 but no later than 26 June 2015.

## 6 Legal Text

National Grid Distribution has confirmed that UNC Legal Text is not required for this modification as there is no amendment to the UNC.

For information only, the changes proposed to the CSEP NExA are:

Table 1 in Annex A Part 8 of the LDZ CSEP NExA shall be deleted.

Paragraph 4.2 of Annex A Part 1 of the LDZ CSEP NExA shall be amended as follows:

The CSO will in conjunction with the CSEP User and [DN] agree to review the AQs (based on the actual readings obtained by the reconciliation process and/or those figures contained in [Section 2 Current Table of the iGT Ancillary Document CSEP NExA Tables \(having the meaning in Part M of the iGT Code\) of the iGT Code Annex A Part 8](#) ~~for an initial period of 12 months after RbD implementation~~).

Paragraph 4.3 of Annex A Part 1 of the LDZ CSEP NExA shall be deleted.

## 7 Consultation Responses

Of the 3 representations received implementation was unanimously supported.

Representations were received from the following parties:

Organisation	Response	Relevant Objectives	Key Points
British Gas Trading	Support	f) - positive	<ul style="list-style-type: none"> <li>Implementation of the modification places obligation on Transporters to update the UNC table to reflect the latest iGT AQ table.</li> <li>Aligning the Codes (UNC and iGT) is good governance and will avoid confusion over which value(s) to utilise.</li> <li>Decision in Q1 2015 preferable to ensure a pre-April 2015 implementation.</li> <li>Future further merging of the two Codes (UNC and iGT) could result in a single CSEP NExA table, resulting in even greater efficiency.</li> </ul>
National Grid Distribution	Support	f) - positive	<ul style="list-style-type: none"> <li>Proposal is capable of being implemented now that the scope has been revised from that originally proposed.</li> <li>Whilst no UNC legal text is required, it is noted that changes would be required to the LDZ CSEP NExA.</li> <li>Believed to be a logical step towards ensuring consistency of Annual Quantity (AQ) values identified within the iGT UNC to those applied under iGT/Large Transporter settlement arrangements (within the LDZ CSEP NExA).</li> <li>Should 0440 be implemented, which eliminates the LDZ CSEP NExA, relatively limited benefits would be realised.</li> <li>Should the principle of alignment of AQ values be required for an enduring solution, modification of the iGTAD would be required.</li> </ul>
Wales & West Utilities	Support	f) - positive	<ul style="list-style-type: none"> <li>Having a single (CSEP NExA) table for both the UNC and iGT aides efficiency, reduces confusion and ensures consistency across both Codes.</li> </ul>

Representations are published alongside the Final Modification Report.



## 8 Panel Discussions

The Panel Chair summarised that Modification 0497 would align UNC with the implementation of iGT 053, which allows for an annual update of the CSEP NExA. It would introduce a process whereby the amended values provided in this process are reflected in the LDZ CSEP NExA table as soon as they are published by the iGTs.

Members considered the representations made noting that, of the 3 representations received plus one late representation implementation was unanimously supported.

Members considered relevant objective f) promotion of the efficient implementation and administration of the Code. Members believed that implementation of the modification would have a positive effect on objective f) on the basis that this change would ensure that a customer would be priced at the most reflective price possible. This was believed by members to support other Ofgem incentives, e.g. Retail Market Reform (tariff simplification), and could only provide a positive step towards transparency and fairer pricing for consumers.

Members voted unanimously to recommend implementation of Modification 0497.

## 9 Recommendation

### Panel Recommendation

Having considered the Modification Report, the Panel recommends:

- that proposed Modification 0497 should be made.