

# 0535:

## 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. Following the implementation of the 'Faster Switching' modification 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.



Panel consideration is due on 18 June 2015 (*at short notice by prior agreement*).



High Impact: Transporters, Shipper Users










Medium Impact: None



Low Impact: None

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<b>About this document:</b>		<b>Additional contacts:</b> David Addison
This Final Modification Report will be presented to the Panel on 18 June 2015. The Authority will consider the Panel's recommendation and decide whether or not this change should be made.		 <a href="mailto:david.addison@xoserve.com">david.addison@xoserve.com</a>
The Proposer recommended the following timetable:		 <b>0121 623 2752</b>
Initial consideration by Workgroup	26 March 2015	
Workgroup reviewed Amended Modification	12 May 2015	
Workgroup Report presented to Panel	21 May 2015	
Draft Modification Report issued for consultation	21 May 2015	
Consultation Close-out for representations	12 June 2015	
Final Modification Report presented to Panel	15 June 2015	
UNC Modification Panel decision	18 June 2015	

# 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 gas consumers; competition, the operation of pipe-line systems, safety or security of supply, the uniform network code governance procedures or the network code modification procedures.

The Workgroup agreed with the Modification Panel view that self-governance is not suitable as this modification may have a material impact on existing and new gas consumers and competition. This is due to the implementation on the Non Effective days extending the transfer period of time for Shipper User registration.

## Why Change?

UNC Modification 0477 – ‘Supply Point Register – Facilitation of Faster Switching’ – reduced the timescales of the change of shipper process. Additional time, than is afforded by this, is required to process the significant volumes of data necessary to manage the Annual AQ review.

## Solution

This modification proposes that two Non Effective Days are introduced for 29<sup>th</sup> and 30<sup>th</sup> September 2015.

## Relevant Objectives

It is proposed that this will have a positive effect on the efficient discharge of the licensee’s obligations avoiding significant performance changes to central systems and ensuring that industry data is propagated to the relevant Transporter and User systems.

## Implementation

No implementation timescales are proposed. However, this modification could be implemented upon direction and it would be desirable if this Modification were implemented by 02 July 2015 to add certainty to the process.

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

Whilst this date is co-incident with the period around the Project Nexus Implementation Date, this is not required as a result of Project Nexus.

## 2 Why Change?

UNC Modification 0477 – ‘Supply Point Register – Facilitation of Faster Switching’ – reduced the timescales of the change of shipper process. This was achieved by reducing the period between the Objection Deadline and the Supply Point Registration Date (commonly referred to as the confirmation period) to 2 business days from the previous seven business days prior to the modification.

These 2 days allow Users and Transporters a period where the change of shipper event is confirmed – i.e. it cannot be stopped – and therefore undertake activities in preparation for the Supply Point Registration Date.

In normal operation this period allows 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. In normal operation – i.e. outside of the period of constrained UK Link processing due to AQ – this data is provided from SPA to Gemini at D-2 (D being the Supply Point Registration Date). Gemini needs to use this data on D-1 for demand publishing for NDM Supply Points. Data is viewable to Users at D-1.

During the AQ review process a significant proportion of the Supply Meter Points shall have data to update. This process takes an additional two working days to collate, validate and propagate the data between the two elements of the UK Link system.

Prior to UNC Modification 0477 this process could be initiated at D-7 being the previous point of the change of shipper event being confirmed. Files were created and validated in this period. As such this additional processing was not visible to Users. Given that this period has reduced to two days there is insufficient time to process and validate the information and present it to Gemini in the required manner.

Every five years the Winter Annual Load Profiles are calculated leading to additional data to be uploaded into SPA and to be reflected in Gemini demand attribution. This additional data adds complexity and further scale to the information being taken into Sites and Meters that needs to be provided to Gemini.

In order to provide sufficient time to process the large volumes of data it is proposed that two Non Effective days are added of 29<sup>th</sup> and 30<sup>th</sup> September.

The effect of the Non Effective days will primarily bring forward the Objection Deadline to Thursday 24<sup>th</sup> September 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.

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.

This modification is distinct from UNC modifications dealing with Non Effective days for Project Nexus Implementation Date.

In the event that the non-effective days defined in the Project Nexus Modification 0532 are coincidental with the Non Effective days required as part of this modification, Modification 0532 shall take precedence.

### 3 Solution

In order to provide sufficient time to process the large volumes of data, two Non Effective days are required. This modification proposes that two Non Effective Days are introduced for 29<sup>th</sup> and 30<sup>th</sup> September 2015.

It is proposed that the Non Effective days would apply to 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 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
- RGMA Transactions

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.

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: (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.	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

This modification will further relevant objective f), Promotion of efficiency in the implementation and administration of the Code, by allowing 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 Modification 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.

It also furthers relevant objective d), facilitation of effective competition between shippers, since it prevents the situation where otherwise NDM energy will not be apportioned between shippers correctly, leading to inaccurate buying signals for shippers.

## 5 Implementation

No implementation timescales are proposed. However, this modification could be implemented upon direction and it would be desirable if this modification were implemented by 02 July 2015 to add certainty to the process.

## 6 Impacts

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

This modification requires that transitional text be inserted for Confirmations with an effective date around 1<sup>st</sup> October 2015. Whilst this date is co-incident with the Project Nexus Implementation Date, this is not required as a result of Project Nexus.

## 7 Legal Text

The Workgroup reviewed the provided Text and confirmed that it met the requirements of the modification, however some participants believed that the definition of the services impacted could be more usefully defined, for instance as per the Solution.

The Proposer, at the Panel meeting on 21 May 2015, confirmed the legal text provided with the Workgroup Report as formal Text.

### Text Commentary

The legal text for this modification seeks to suspend the sections of code listed below to enable the Annual AQ review to take place on the 29 and 30 September 2015.

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

- s. paragraph 5.6.5 of TPD Section G;
- t. paragraph 3.2.3 of TPD Section M;
- u. paragraph 3.2.6 of TPD Section M;
- v. paragraph 3.2.7 of TPD Section M;
- w. paragraph 3.2.9 of TPD Section M;
- x. paragraph 3.2.11 of TPD Section M;
- y. paragraph 3.2.15 of TPD Section M;
- z. paragraph 3.2.16 of TPD Section M;
- aa. paragraph 3.3.4 of TPD Section M;
- bb. paragraph 3.3.7 of TPD Section M;
- cc. paragraph 3.8.2 of TPD Section M;
- dd. paragraph 3.8.3 of TPD Section M;
- ee. paragraph 3.8.4 of TPD Section M; and
- ff. paragraph 3.8.5 of TPD Section M.

## 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 29 and 30 September 2015 shall be deemed not to be Supply Point System Business Days for the purposes of :

- a. paragraph 1.8.4 of TPD Section G;
- b. paragraph 2.3.4 of TPD Section G;
- c. paragraph 2.4.6 of TPD Section G;
- d. paragraph 2.5.8 of TPD Section G;
- e. paragraph 2.5.11 of TPD Section G;
- f. paragraph 2.6.3 of TPD Section G;
- g. paragraph 2.7.5 of TPD Section G;
- h. paragraph 2.8.1 of TPD Section G;
- i. paragraph 2.8.3 of TPD Section G;
- j. paragraph 2.8.5 of TPD Section G;
- k. paragraph 3.1.5 of TPD Section G;
- l. paragraph 3.2.4 of TPD Section G;
- m. paragraph 3.3.1 of TPD Section G;
- n. paragraph 3.3.2 of TPD Section G;
- o. paragraph 4.1 of TPD Section G;
- p. paragraph 5.1.5 of TPD Section G;
- q. paragraph 5.1.6 of TPD Section G;
- r. paragraph 5.1.10 of TPD Section G;
- s. paragraph 5.6.5 of TPD Section G;
- t. paragraph 3.2.3 of TPD Section M;
- u. paragraph 3.2.6 of TPD Section M;



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

## 8 Consultation Responses

Of the 7 representations received 6 supported implementation and 1 offered qualified support.

Representations were received from the following parties:

Organisation	Response	Relevant Objectives	Key Points
EDF Energy	Support	d) - positive f) - positive	<ul style="list-style-type: none"> <li>• Agree this would help facilitate the smooth and effective running of the AQ Review process this September. Two extra non-effective days should allow more time to process the large volumes of data.</li> <li>• This change should help ensure that Gemini will be able to publish robust Demand figures for NDM sites without posing a risk to the Energy Balancing processes and consequently individual User positions.</li> <li>• Supports implemented by 02 July 2015.</li> <li>• This change may limit a supplier's ability to issue objections, however the impact of this is likely to be minimal.</li> <li>• EDF expect this proposal to be a one off instance and not be needed again should Project Nexus be delayed until October 2016.</li> </ul>
E.ON	Qualified Support	d) - none f) - positive	<ul style="list-style-type: none"> <li>• E.ON recognise the need for the central system process to be updated following the AQ Review and the additional impact that the WALP adds to workload this year specifically, however non-effective days are never desirable particularly bearing in mind the time pressure around the CoS processes that faster switching requirements introduced.</li> <li>• E.ON would like reassurance that by having the two non-effective days, Xoserve wouldn't seek to use the additional data latency provisions on top of these non-effective days.</li> <li>• Approximate costs expected between £5k and £10k.</li> <li>• Initial analysis indicates around 4k customers might be impacted by these non-effective dates.</li> </ul>
National Grid	Support	d) - positive	<ul style="list-style-type: none"> <li>• Modification 0477 reduced the period between the end of</li> </ul>

Distribution		f) - positive	<p>the Objection Deadline and the Supply Point Registration Date from 7 to 2 Business Days. This has a consequential impact on the timescales required to process the large quantities of data to manage the 2015 Annual AQ review. This modification proposes a pragmatic solution, which does not impact on overall Shipper switching timescales and can be implemented without the need for costly system changes/development.</p> <ul style="list-style-type: none"> <li>• In agreement with implementation timescales.</li> </ul>
National Grid NTS	Support	d) - positive f) - positive	<ul style="list-style-type: none"> <li>• Supports the implementation date of the 02 July 2015.</li> <li>• The implementation of this proposal will remove the likelihood of inaccurate AQ data propagating into Gemini. That could lead to misinformed User positions, and subsequent energy balancing differences that lead to inaccurate invoicing charges.</li> <li>• Allows the Transporter Agency sufficient timescales to validate and distribute information within the UK Link Systems and to Users.</li> <li>• Eliminates significant changes to central systems that would have otherwise been required to support Modification 0477.</li> </ul>
Northern Gas Networks	Support	d) - positive f) - positive	<ul style="list-style-type: none"> <li>• Introducing two Non Effective days on 29 and 30 September will enable this data to be processed effectively and maintain its integrity, which is vital for industry processes.</li> <li>• The modification could be implemented as soon as possible. The 02 July 2015 will not be possible due to the time required for Ofgem to make a determination after the June UNC Modification Panel recommendation.</li> <li>• Although transitional legal text for Confirmations is required by the proposal for 1 October 2015, as the Draft Modification Report makes clear this coincides with the original Project Nexus Implementation Date but is not dependent upon it. Therefore, it can still go ahead regardless of any delay to the implementation of Project Nexus.</li> </ul>
RWEpower	Support	d) - positive f) - positive	<ul style="list-style-type: none"> <li>• This modification is required to ensure that the large volume of data needed for the review is processed effectively. Without this modification significant risk is posed to the quality of data displayed within Gemini ,which may further impact on Gas Shipper's energy balancing positions.</li> <li>• RWE needs 3 months lead-time to effect system changes required to support this modification.</li> <li>• There is the potential for minor costs to support system changes.</li> </ul>
Scotia Gas Networks (SGN)	Support	d) - positive f) - positive	<ul style="list-style-type: none"> <li>• SGN supports this modification, as it is required to facilitate the implementation of non-effective days within the UNC that will allow the annual AQ review process to take place.</li> <li>• The annual AQ review non-effective days are required to give Xoserve sufficient time to populate UK Link systems.</li> <li>• The AQ review process will improve the data that is held in UK Link systems that underpins the energy balancing process.</li> </ul>

Representations are published alongside the Final Modification Report.

## 9 Panel Discussions

## 10 Recommendation

### Panel Recommendation

Having considered the Modification Report, the Panel recommends that:

- proposed Modification 0535 should/should not be made.