

Stage 04: Final Modification Report

At what stage is this document in the process?

0552S: UNC Section Y Housekeeping

- 01 Modification
- 02 Workgroup Report
- 03 Draft Modification Report
- 04 Final Modification Report

Make minor amendments to Section Y (Charging Methodology) in order to correct errors, update links to other documents, update reference tables and examples and align with UNC formatting.



Panel consideration is due on 17 September 2015 (*at short notice by prior agreement*)











High Impact:
None



Medium Impact:
None



Low Impact:
No material change

Contents		 Any questions?
1 Summary	3	Contact: Code Administrator
2 Why Change?	3	 enquiries@gasgovernance.co.uk
3 Solution	3	 0121 288 2107
4 Relevant Objectives	5	Proposer: Karin Elmhirst
5 Implementation	6	 karin.elmhirst@nationalgrid.com
6 Impacts	6	 01962-655540
7 Legal Text	7	Transporter: National Grid NTS
8 Consultation Responses	8	 karin.elmhirst@nationalgrid.com
9 Panel Discussions	9	 01962-655540
10 Recommendation	9	Systems Provider: Xoserve
About this document:		 commercial.enquiries@xoserve.com
This Final Modification Report will be presented to the Panel on 17 September 2015. The Panel will consider the views presented and decide whether or not this self-governance change should be made.		
The Panel recommends the following timetable:		
Draft Modification Report issued for consultation	20 August 2015	
Consultation Close-out for representations	10 September 2015	
Final Modification Report published for Panel	11 September 2015	
UNC Modification Panel decision	17 September 2015	

1 Summary

Is this a Self-Governance Modification?

The Modification Panel determined that this is a self-governance modification because it is unlikely 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.

Is this a Fast Track Self-Governance Modification?

As the Panel felt the extent of the changes made it worth a consultation, the Modification Panel determined that this is not a Fast Track modification.

Why Change?

Following an ad-hoc review of UNC TPD Section Y, a number of minor errors, clarifications and incorrect terms were identified.

Solution

This modification will make a number of minor changes to UNC TPD Section Y (Charging Methodology), including clarification and updating references / linkages.

Relevant Objectives

This modification furthers Relevant Charging Objective b), in that it updates UNC Section Y to reflect consistency, accuracy, relevant reference information and updates links to other documents that were found following an ad-hoc review of UNC Section Y.

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.

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

It is non-material modification and has no impact on any other industry change.

2 Why Change?

Following a review of UNC TPD Section Y it was noted that there were a number of minor errors, incorrect references that if corrected would improve clarity to Section Y. This modification seeks to carry out some housekeeping on the UNC TPD Section Y.

3 Solution

The following list covers the changes that are proposed.

Change Required	Comments
Remove references to the old NTS Licence ie TPCR4.	Administrative change
In Section 2.3.2, Entry Capacity Buy-Back Offset Mechanism, remove reference to Licence Obligation	The parameters in this sentence are not a Licence Obligation under RIIO. This change makes no change to the charging methodology.
Re-formatting of some words from lower case to upper case to the UNC standard	Administrative change eg capital letters for Entry, Exit, Capacity, Commodity, Obligated, Formula, Year, Pensions Deficit, Metering, Exit Points.
Insert Gas in front of Ten Year Statement to make it clear we are not talking about the Electricity Ten Year Statement.	Clarification
Insert NTS Gas Transporter's in front of Licence to make it clear that we are talking about the NTS Licence.	Clarification
Remove links that are no longer applicable.	Administrative change
Update dates in the example tables (Table 2 and Part A, 1, Appendix B) to give a current year view.	Administrative change Not proposing to do this every year but from time to time as other changes are made to Section Y.
In Part A, 1, Appendix B, add a generic table for the indicative and final Exit Capacity charges timetable, consistent with the one for Entry Capacity charges in Table 1.	Clarification of the methodology and consistent with information provided for Entry Capacity in Table 1 of Section Y.
Correct the link to the Entry Capacity Substitution Methodology Statement.	Administrative change
Correct the link to the NTS Meter Maintenance charges.	Administrative change
Correct the name of the Transportation Statement in Section 5.	Administrative change
Correct the use of the word 'Shipper' to UNC terminology ie 'User'.	Administrative change
Other corrections eg typo's, clarity on abbreviations and section/ paragraphs.	Administrative change

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 Charging Methodology Objectives:	
Relevant Objective	Identified impact
a) Save in so far as paragraphs (aa) or (d) apply, that compliance with the charging methodology results in charges which reflect the costs incurred by the licensee in its transportation business;	None
aa) That, in so far as prices in respect of transportation arrangements are established by auction, either: <ul style="list-style-type: none"> (i) no reserve price is applied, or (ii) that reserve price is set at a level - <ul style="list-style-type: none"> (I) best calculated to promote efficiency and avoid undue preference in the supply of transportation services; and (II) best calculated to promote competition between gas suppliers and between gas shippers; 	None
b) That, so far as is consistent with sub-paragraph (a), the charging methodology properly takes account of developments in the transportation business;	Positive
c) That, so far as is consistent with sub-paragraphs (a) and (b), compliance with the charging methodology facilitates effective competition between gas shippers and between gas suppliers; and	None
d) That the charging methodology reflects any alternative arrangements put in place in accordance with a determination made by the Secretary of State under paragraph 2A(a) of Standard Special Condition A27 (Disposal of Assets).	None
e) 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 furthers Relevant Charging Objective b), in that it updates UNC Section Y to reflect changes to the NTS Licence i.e. moved from TPCR4 to RIIO Price Control, and provides clarifications and corrections to improve the understanding of Section Y.

This modification does not conflict with:

- (i) paragraphs 8, 9, 10 and 11 of Standard Condition 4B of the Transporter's Licence; or
- (ii) paragraphs 2, 2A and 3 of Standard Special Condition A4 of the Transporter's Licence;
 - because it is a housekeeping modification effecting only corrections and removing inaccuracies.

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

This modification furthers Relevant Charging Objective f), in that it updates UNC Section Y to provide clarifications and corrections to improve the understanding of Section Y and therefore promotes efficiency in the implementation and administration of the Code..

5 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.

6 Impacts

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

It is non-material and has no impact on any other industry change.

7 Legal Text

Text Commentary

Below is the solution recommended above with more detail of where in Section Y the change occurs (given blue italics in the Comments column).

Change Required	Comments
Remove references to the old NTS Licence ie TPCR4.	Administrative change <i>Chapter 1 Principles 1.1 Price Control Formulae and 1.2 Structure of NTS Transportation Charges.</i>
In Section 2.3.2, Entry Capacity Buy-Back Offset Mechanism, remove reference to Licence Obligation	The parameters in this sentence are not a Licence Obligation under RIIO. This change makes no change to the charging methodology. <i>Section 2.3.2 Trigger, first bullet point.</i>
Re-formatting of some words from lower case to upper case to the UNC standard	Administrative change eg capital letters for Entry Exit Capacity Commodity Obligated Formula Year Pensions Deficit Metering Exit Points. <i>Throughout Section Y.</i>
Insert Gas in front of Ten Year Statement to make it clear we are not talking about the Electricity Ten Year Statement.	Clarification <i>Throughout Section Y.</i>
Insert NTS Gas Transporter's in front of Licence to make it clear that we are talking about the NTS Licence.	Clarification <i>Throughout Section Y.</i>
Remove links that are no longer applicable.	Administrative change <i>Appendix C, Mid-range Storage, removed 'Section 2.3' as no longer in this section of the Ten Year Statement. New section number not included as it may vary from year to year.</i>
Update dates in the example tables (Table 2 and Part A, 1, Appendix B) to give a current year view.	Administrative change Not proposing to do this every year but from time to time as other changes are made to Section Y. <i>Table 2 and Part A, 1, Appendix B</i>
In Part A, 1, Appendix B, add a generic table for the indicative and final Exit Capacity charges timetable, consistent with the one for Entry Capacity charges in Table 1.	Clarification of the methodology and consistent with information provided for Entry Capacity in Table 1 of Section Y. <i>Part A, 1, Appendix B</i>
Correct the link to the Entry Capacity Substitution Methodology Statement.	Administrative change <i>Section 4.3, fourth paragraph footnote 14</i>
Correct the link to the NTS Meter Maintenance charges.	Administrative change <i>Part A, 2, Appendix A, point 16</i>

Correct the name of the Transportation Statement in Section 5.	Administrative change <i>Throughout Section Y.</i>
Correct the use of the word 'Shipper' to UNC terminology ie 'User'.	Administrative change <i>Throughout Section Y.</i>
Other corrections eg typo's, clarity on abbreviations and sections/ paragraphs.	Administrative change <i>Throughout Section Y.</i>

Text

The Text of Section Y is published alongside this report.

8 Consultation Responses

Of the 3 representations received implementation was unanimously supported

Representations were received from the following parties:

Organisation	Response	Relevant Objectives		Key Points
		Charging	Standard	
British Gas Trading Ltd	Support	b) none	f) -positive	<ul style="list-style-type: none"> Supports this modification as it seeks to ensure that the UNC is accurate and as clear as possible, thereby ensuring it properly reflects agreed transportation arrangements. Self-governance is appropriate as there should be no material impact on relevant parties.
National Grid NTS	Support	b) positive	f) -positive	<ul style="list-style-type: none"> Supports this modification as it updates UNC Section Y, relevant references and links to other documents. Self-governance should apply because the modification it is unlikely to have material effect or impact on any other industry change. Supports adoption of standard self-governance implementation timescales.
Northern Gas Networks	Support	b) positive	f) -positive	<ul style="list-style-type: none"> Supports this modification as implementation clarifies and/or corrects areas within UNC Section Y whilst at the same time reflects changes to National Grid NTS's licence. Supports adoption of standard self-governance implementation timescales.

Representations are published alongside the Final Modification Report.

9 Panel Discussions

10 Recommendation

Panel Recommendation

Having considered the Modification Report, the Panel determined:

- that proposed self-governance Modification 0552S [should/should not] be made.