

MODIFICATION PROPOSAL 379A – Provision for an AQ Review Audit

DRAFT LEGAL TEXT – v. 1.0 (20 APRIL 2012)
(prepared by Wales and West Utilities Limited)

Proposed Amendments to the Uniform Network Code

UNC Transportation Principal Document – Section G

Delete paragraph 1.6.18(c) and insert the following new paragraphs 1.6.18(c) and (d):

“(c) by each LDZ, the number of such successful applications made by the User during the User AQ Review Period (in accordance with paragraph 1.6.7) that resulted in a User Provisional Annual Quantity shown by the resulting increase and decrease in comparison to the Provisional Annual Quantity;_

(d) the number of each User’s Supply Points in respect of which the aggregate of the Provisional Annual Quantities for each of the Supply Meter Points comprised in that Supply Point differs from the Annual Quantity of that Supply Point together with such number shown as a percentage (to two decimal points) of the total number of that User’s Supply Points, excluding any Supply Point referred to at paragraph 1.21.1(a).”

Delete paragraph 1.6.20 and insert the following new paragraph 1.6.20:

“1.6.20 The dates for the publication of the information to be contained in the report in accordance with paragraph 1.6.18 shall be in the case of:

(a) paragraph 1.6.18(a) and (b), by no later than:

- (i) 1 July, in respect of Smaller Supply Meter Points on an interim basis;
- (ii) 1 August, in respect of Larger Supply Meter Points on an interim basis;
- (iii) 1 November in respect of all Supply Meter Points on a final basis;

in each case in the relevant Gas Year;_

(b) paragraph 1.6.18(c), by no later than 1 November in the relevant Gas Year, in respect of all Supply Meter Points on a final basis; and

(c) paragraph 1.6.18(d) by no later than:

- (i) 1 July, in respect of Smaller Supply Points on an interim basis;
- (ii) 1 August, in respect of Larger Supply Points on an interim basis; and
- (iii) 1 November, separately in respect of Larger Supply Points and Smaller Supply Points on a final basis, where for such purposes a reference in paragraph 1.6.18(d) to the number of a User’s Supply Points shall be deemed to be a

[reference to the User's Larger Supply Point AQ Review Portfolio or Smaller Supply Point AQ Review Portfolio for the preceding Gas Year, as appropriate.](#)"

Insert the following new paragraph 1.6.24:

"1.6.24 Preparation and publication of the reports pursuant to paragraphs 1.6.18(d) and 1.6.20(c) will be performed as a User Pays Service."

Insert the following new paragraph 1.21:

"1.21 AQ Review Performance Incentive

1.21.1 For the purposes of the Code, in relation to any User and a Gas Year (an "AQ Review Year"):

- (a) the **AQ Review Portfolio** is all of the User's Registered Supply Points at the end of that AQ Review Year that remain Registered Supply Points of the User at the commencement of the next following Gas Year, but excluding
 - (i) any Supply Point:
 - (1) which has a First Supply Point Registration Date within that AQ Review Year and is exclusively comprised of one or more New Supply Meter Points; and
 - (2) the Annual Quantity of which does not change on commencement of the next following Gas Year;
 - (ii) any Supply Point in relation to which that User became the Registered User after the AQ Review Date (as defined by paragraph 1.6.1) for that Gas Year;
 - (iii) any Supply Point which comprises a DM Supply Meter Point and/or a Supply Meter Point in relation to which the Applicable Commodity Rate of the NTS Exit (Flat) Commodity Charge is the NTS Optional Commodity Rate;
- (b) the "**Larger Supply Point AQ Review Portfolio**" is the totality of the Larger Supply Points within the User's AQ Review Portfolio in relation to that AQ Review Year;
- (c) the "**Smaller Supply Point AQ Review Portfolio**" is the totality of the Smaller Supply Points within the User's AQ Review Portfolio in relation to that AQ Review Year;
- (d) the "**Inactive Larger Supply Point AQ Review Number**" is the total number of the Larger Supply Points within the User's AQ Review Portfolio in relation to that AQ Review Year, the Annual Quantity of which does not change on commencement of the Gas Year immediately following the AQ Review Year; and
- (e) the "**Inactive Smaller Supply Point AQ Review Number**" is the total number of the Smaller Supply Points within the User's AQ Review Portfolio in relation to that AQ Review Year, the Annual Quantity of which does not change on commencement of the Gas Year immediately following the AQ Review Year.

1.21.2 For the purposes of the Code, in relation to an AQ Review Year:

- (a) the “**AQ Review Incentive Aggregate Payment**” is the aggregate of the payments received by the Transporters in a month in respect of Larger Supply Point AQ Review Incentive Charges and Smaller Supply Point AQ Review Incentive Charges in respect of that AQ Review Year;
- (b) an “**AQ Review Incentivised User**” is a User which acceded to the Code prior to the commencement of that AQ Review Year.

1.21.3 Subject to paragraph 1.21.5, where an AQ Review Incentivised User’s Inactive Larger Supply Point AQ Review Number in relation to an AQ Review Year is more than 15% (to two decimal points) of the number of Supply Points in that User’s Larger Supply Point AQ Review Portfolio, the Transporters shall notify that User accordingly and the User shall (in accordance with Section S) pay the Transporters:

- (a) a Larger Supply Point AQ Review Incentive Charge calculated as follows:

$$I = N * \text{£}512$$

Where:

I is the Larger Supply Point AQ Review Incentive Charge

and

N is the User’s Inactive Larger Supply Point AQ Review Number in relation to that AQ Review Year; and

- (b) a User Pays Charge in respect of the User Pays Service pursuant to paragraphs 1.6.18(d) and 1.6.20(c).

1.21.4 Subject to paragraph 1.21.5, where an AQ Review Incentivised User’s Inactive Smaller Supply Point AQ Review Number in relation to an AQ Review Year is more than 15% (to two decimal points) of the number of Supply Points in that User’s Smaller Supply Point AQ Review Portfolio, the Transporters shall notify that User accordingly and the User shall (in accordance with Section S) pay the Transporters:

- (a) a **Supply Point AQ Review Incentive Charge** calculated as follows:

$$I = N * \text{£}20$$

Where:

I is the Smaller Supply Point AQ Review Incentive Charge

and

N is the User’s Inactive Smaller Supply Point AQ Review Number in relation to that AQ Review Year; and

- (b) a User Pays Charge in respect of the User Pays Service pursuant to paragraphs 1.6.18(d) and 1.6.20(c).

1.21.5 Where in relation to an AQ Review Year, there is no AQ Review Incentivised User whose:

- (a) Inactive Larger Supply Point AQ Review Number in relation to that AQ Review Year is 15% (to two decimal points) or less than the number of Supply Points in that User's Larger Supply Point AQ Review Portfolio; and
- (b) Inactive Smaller Supply Point AQ Review Number in relation to an AQ Review Year is 15% (to two decimal points) or less than the number of Supply Points in that User's Smaller Supply Point AQ Review Portfolio,

no charges shall be payable by any User in respect of that AQ Review Year pursuant to paragraph 1.21.3 and 1.21.4.

1.21.6 Where in relation to an AQ Review Year, there is no AQ Review Incentivised User whose:

- (a) Inactive Larger Supply Point AQ Review Number in relation to that AQ Review Year is more than 15% (to two decimal points) of the number of Supply Points in that User's Larger Supply Point AQ Review Portfolio; and
- (b) Inactive Smaller Supply Point AQ Review Number in relation to an AQ Review Year is more than 15% (to two decimal points) of the number of Supply Points in that User's Smaller Supply Point AQ Review Portfolio,

each AQ Review Incentivised User shall (in accordance with Section S) pay the Transporters a User Pays Charge in respect of the User Pays Service pursuant to paragraphs 1.6.18(d) and 1.6.20(c) in respect of that AQ Review Year.

1.21.7 Where an AQ Review Incentivised User's:

- (a) Inactive Larger Supply Point AQ Review Number in relation to an AQ Review Year is 15% (to two decimal points) or less than the number of Supply Points in that User's Larger Supply Point AQ Review Portfolio; and
- (b) Inactive Smaller Supply Point AQ Review Number in relation to an AQ Review Year is 15% (to two decimal points) or less than the number of Supply Points in that User's Smaller Supply Point AQ Review Portfolio,

the Transporters shall in respect of each month in which the AQ Review Incentive Aggregate Payment in respect of the relevant AQ Review Year is greater than zero, pay that User an AQ Review Incentive Aggregate Distribution Payment determined as follows:

$$D = R * (UC/TC)$$

Where:

D is the AQ Review Incentive Aggregate Distribution Payment to the User

R is the aggregate of the payments received by the Transporters in respect of Larger Supply Point AQ Review Incentive Charges and Smaller Supply Point AQ Review Incentive Charges in that month in relation to the relevant AQ Review Year

UC is that User's Smaller Supply Point AQ Review Portfolio for the relevant AQ Review Year

TC is the aggregate number of Supply Points in the Smaller Supply Point AQ Review Portfolios for the relevant AQ Review Year of each AQ Review Incentivised User (a "qualifying User") whose Inactive Smaller Supply Point AQ Review Number in relation to that AQ Review Year is 15% (to two decimal points) or less than the number of Supply Points in that qualifying User's Smaller Supply Point AQ Review Portfolio.

1.22 AQ Review Audits

1.22.1 For the purposes of this paragraph 1.22:

(a) "AQ Review Audit" means a review in relation to a User and the suppliers in respect of that User's Registered Supply Points of:

- (i) the approach taken to the conduct of obligations under paragraphs 1.6.4 (including the warranty given at paragraph 1.6.4 (c)), 1.6.5, 1.6.6 and 1.6.13 9 and [how changes to the Annual Quantities of the User's Registered Supply Meter Points from the AQ Review Date in the relevant AQ Review Year and the next following Gas Year have been determined];
- (ii) a review of the following processes, and they extent to which they have been conducted in accordance with the relevant provisions of the Code:
 - (i) the collection and validation of Meter Readings and their submission to the relevant Transporters;
 - (ii) the replacement of Supply Meter Installations;
 - (iii) [Data exceptions for reads, exchanges, disconnections, reconnections, new connections and their resolution
 - (iv) Vacant site management process]

[NB: please provide references to the relevant Code provisions/defined terms being referred to here]

 - (v) Isolations and Supply Point Withdrawals; and
- (iii) provisions of the Code in respect of such matters with which the User failed to comply in the relevant AQ Review Year,

together with such other matters as may be agreed between the User and the AQ Review Auditor, and a report on the same;

(b) "AQ Review Auditor" means an energy consultant or auditor willing to conduct AQ Review Audits;

(c) “**Secretary**” has the meaning ascribed to that term in paragraph 2.1 of the Modification Rules.

1.22.2 The Transporters shall maintain a list comprising persons available to act as AQ Review Auditors.

1.22.3 The listed AQ Review Auditors shall be such persons as the Uniform Network Code Committee, having considered their relevant experience and expertise, shall by panel majority select from persons (natural or corporate) nominated by Users and the Transporters, provided any such person has confirmed in writing to the Secretary that he accepts his nomination.

1.22.4 For the purposes of paragraph 1.22.3:

(a) the Secretary shall no later than the end of each AQ Review Year invite nominations from Transporters and Users;

(b) in each AQ Review Year each User and Transporter may nominate up to three persons for selection as an AQ Review Auditor;

(c) the Panel shall select AQ Review Auditors from those persons nominated in response to the most recent invitation pursuant to paragraph (a) and those persons already selected as AQ Review Auditors, provided that any such person has not indicated to the Secretary that he no longer wishes to be listed AQ Review Auditor;

(d) the Uniform Network Code Committee shall select the AQ Review Auditors in respect of an AQ Review Year no later than 12th November in the next following Gas Year.

1.22.5 Where a User receives a notification from the Transporters pursuant to paragraph 1.21.3 or 1.21.4 in respect of an AQ Review Year the User may elect to engage an AQ Review Auditor to conduct an AQ Review in respect of the performance of that User and/or that of the suppliers of its Registered Supply Points.

1.22.6 Where a User elects to engage an AQ Review Auditor pursuant to paragraph 1.22.4, that User shall provide, or procure that the AQ Review Auditor provides, a copy of that AQ Review Auditor’s final report in respect of the relevant AQ Review Year to the Authority.

1.22.7 For the avoidance of doubt the responsibilities of an AQ Review Auditor engaged by a User shall be limited to assisting that User’s perform its relevant obligations under the Code and, without prejudice to the terms of engagement of any AQ Review Auditor and the User engaging him, each Party acknowledges and agrees that they are not owed a duty of care by any AQ Review Auditor (the benefit of such agreement being held on trust for the AQ Review Auditor by the User that engages him).

UNC Transition Document - Part II C

Insert new paragraph 1.9.3 as follows:

“1.9.3 The provisions of paragraphs 1.6.18(d), 1.6.20(c) 1.21 and 1.22 shall apply to the Gas Year commencing on 1st October 2011 (the “**Initial AQ Review Year**”) and each subsequent Gas Year, save that:

- (a) no charges shall be payable by a User pursuant to paragraphs 1.21.3(a), 1.21.4(a) or 1.21.7 in respect of the Initial AQ Review Year;
- (b) in respect of the first AQ Review Year occurring within the first four AQ Review Years after the Initial AQ Review Year, in which:
 - (i) the Inactive Larger Supply Point AQ Review Number of an AQ Review Incentivised User in relation to that AQ Review Year is more than 15% (to two decimal points) than the number of Supply Points in that User’s Larger Supply Point AQ Review Portfolio; or
 - (ii) the Inactive Smaller Supply Point AQ Review Number of that AQ Review Incentivised User in relation to that AQ Review Year is more than 15% (to two decimal points) of than the number of Supply Points in that User’s Smaller Supply Point AQ Review Portfolio,

such User shall not be obliged to pay charges pursuant to paragraphs 1.21.3(a) or 1.21.4(a) in respect of such AQ Review Year save where such User was an AQ Review Incentivised User in relation to the Initial AQ Review Year which would, but for the application of paragraph (a) above or paragraph 1.21.5, have been obliged to pay such charges in respect of the Initial AQ Review Year.”

Insert new paragraph 1.9.4 as follows:

“1.9.4 In the event that the implementation date of Modification Proposal 379A is later than 28th October 2012 the functions referred to in paragraph 1.22.4 in relation to the First AQ Review Year shall be discharged as soon as reasonably practicable after such implementation date.”