

Combined UNC0602 0602A and iGT092 092A Workgroup Minutes Implementation of Non Effective Days and Variant Non-Business Days for Project Nexus Implementation (Project Nexus transitional modification)

Thursday 05 January 2017

at Consort House, 6 Homer Road, Solihull B91 3QQ

Attendees

Bob Fletcher (Joint Chair)	(BF)	Joint Office
Mike Berrisford (Secretary)	(MB)	Joint Office
Andrew Margan	(AM)	British Gas
Andy Clasper	(AC)	National Grid Distribution
Carl Whitehouse	(CW)	first:utility
Cher Harris*	(CH)	Indigo Pipelines
Colette Baldwin*	(CB)	E.ON Energy
David Addison	(DA)	Xoserve
Jenny Rawlinson*	(JR)	Brookfield Utilities
Jon Dixon*	(JD)	Ofgem
Katy Binch*	(KB)	ES Pipelines
Kishan Nundloll*	(KN)	ES Pipelines
Maria Hesketh*	(MH)	ScottishPower
Mark Jones	(MJ)	SSE
Mike Fensome	(MF)	RWE npower
Naomi Nathanael*	(NN)	Plus Shipping
Nicky Rozier*	(NR)	Brookfield Utilities
Paul Orsler	(PO)	Xoserve
Paul Rocke*	(PR)	Genserv
Phil Lucas*	(PL)	National Grid Gas Transmission
Rachel Bird	(RB)	Gemserv
Richard Pomroy	(RP)	WWU
Steve Ladle (Joint Chair)	(SL)	Gemserv
Steve Mulinganie*	(SMu)	Gazprom
Steven Britton*	(SB)	Cornwall Energy

* via teleconference

Copies of all UNC Workgroup 0602 meeting papers are available at: <http://www.gasgovernance.co.uk/0602/050117>

The UNC Workgroup Report is due to be presented at the UNC Modification Panel by 19 January 2017.

1.0 Introduction and Status Review

Before handing over to S Ladle to Chair the first part of the combined meeting, BF reaffirmed the intention to hold this combined industry meeting to assess the relationships of the UNC and iGT modifications.

BF pointed out that an alternate UNC modification 0602A has now been raised, accepted and referred to the Workgroup at the 04 January 2017 UNC Modification Panel meeting, for assessment alongside 0602. Furthermore, draft legal text for the UNC modifications has also been provided prior to the meeting.

1.1. Approval of UNC Workgroup 0602 Minutes (22 December 2016)

Consideration deferred.

2.0 Consideration of amended modifications**2.1 UNC Modification 0602**

Whilst no specific review was undertaken, it was noted that an amended version of the modification was provided following discussions at the 22 December 2016 Workgroup meeting.

2.2 iGT Modification 092

For further detailed information relating to this modification, please refer to the equivalent Gemserv meeting documents available to view and/or download from the Gemserv web site.¹

3.0 Consideration of alternative modifications**3.1 UNC Modification 0602A**

MF provided a brief resume of the verbal presentation provided in support of the modification at the short notice teleconference Panel meeting held on 04 January 2017.

MF then explained that the modification builds on the original intent of modifications UNC0602 and iGT092, however, it proposes adoption of a two day Supply Point System Business Day objection window, rather than the original single day provision (or less), and as a consequence looks to mitigate the impacts on consumers by potentially reducing erroneous transfer related issues.

A brief review of the modification was undertaken during which attention focused on the main areas of difference between this modification and 0602, as follows.

When it was suggested that there appears to be a clash between the perceived benefits, DA provided an explanation as to how the UK Link system functionality would actually work (especially the UK Link system deadlines) and how users may, or may not trigger the transfers and suggested that a party is not able to 'claim' both potential benefits. In short, if a Shipper voluntarily takes down its system on the Friday, then they guarantee the transfer.

When it was suggested that the perceived benefits appear to be market, rather than individual (company) based, it was also noted that this is really a matter to be considered / addressed as part of the consultation responses process.

When concerns were voiced that having the last processing day on the Monday potentially to incentivises Users to submit their respective (transfer) files later, rather than earlier, DA confirmed that for (transfer) requests received on 22 May, the earliest registration date under 602A would be 10 June following the end of the Objection Window on the 07 June – the process clock being triggered when the file 'hits' Xoserve.

When asked whether or not the proposals make a potential difference to iGT processes, DA confirmed this to be the case and made reference to the tables contained within Section 5 in both 0602 and 0602A. It was noted that the iGTs would need to make process changes in due course. SL advised that the validation rules would need to be different for iGT092 and 092A. In short whilst iGT092A allows for a two day objection period, Shippers would be able to decide when to take their systems down, and the potential impact would vary accordingly.

¹ Supporting iGT092 documentation is available to view and/or download from the Gemserv web site at: <http://www.igt-unc.co.uk/Modification+Workstream+Meetings/2017+Meetings/January?pgid=1516>

When asked whether the proposed processing timescales are based around the 48 hour processing requirement, DA responded by explaining that this is not specifically the case and that Xoserve has based its assumptions around the current confirmation process timeline.

When concerns were voiced that this could potentially result in the one day objection period (i.e. as proposed under 0602) disappearing in the iGTs process, DA confirmed that this was a possibility. However, some parties believe that the question boils down to whether or not the iGTs are ready for the changes. SL suggested that for iGT purposes it appears that an extension to the objection window aspects might be / is required.

Parties then considered that there is a potential difference in the impacts between iGT Users and Xoserve triggering the process, and as a consequence, it was suggested that this should be highlighted within the modification(s) and the accompanying Workgroup Report(s). DA then explained that the issue is further complicated by the fact that Xoserve are required to process the files within two business days (48hrs) in order to ensure they are not in breach of the UNC obligations. SL suggested that should the transfers take longer there could potentially be objection window related impacts within various other Codes. It was suggested that this potential concern should be clearly highlighted within the Workgroup Report so that parties can take the matter into consideration when providing their formal consultation responses.

In looking to assess what percentage of confirmations are received by iGTs via either facsimile forms or email, figures ranging from a 50:50 (including domestic and non domestic) to 100% email were quoted. It was once again suggested that this should be highlighted within the Workgroup Report, including the lead-time aspects for non-domestic sites. When asked whether or not the 21 day switching window split relates to just domestic sites, both DA and JD indicated that they were not certain.

When asked whether or not participants were happy that iGT092A states that there could potentially be a reduction in erroneous transfers, one party suggested that this could have potential customer impacts associated to it.

When asked whether Xoserve would be able to manage any potential 'catch up' volumes that arise from circumstances such as when parties take their systems down over the weekend period (i.e. unplanned system shut downs etc.) and therefore hold back their file submissions until a later date, potentially influencing Xoserve's ability to bring the systems back up, DA responded by explaining that Xoserve are not expecting any variant non business day related impacts as a result of such occurrences. He went on to suggest that there could be some benefits with a reduced risk of final batches overrunning in Legacy UK Link on 22nd May as some Users concluded legacy processing prior to 22nd May – parties views on user cutover approaches would be welcomed. It was noted that PwC would be specifically asking parties for their views on this matter in due course. DA then reaffirmed that Xoserve are not anticipating needing any more than the already stipulated 3 Variant Non-Business Days provision.

DA went on to provide a brief explanation as to how Xoserve reached their 'original' 12+4 view, which has subsequently been refined to the current 9+3 proposals, hence no need to invoke extra VNBDs.

A brief discussion ensued on the perceived offset benefits of an erroneous transfer reduction associated with iGT092A, during which it was suggested that supporting financial or volume related assessments would prove beneficial. Responding, PO explained that users submit circa 400,000 confirmation requests to the UK Link system each month. Of these 3 - 5% are subsequently cancelled by the proposing user. A further 10% of confirmations receive objections that are upheld by the incumbent users, thus preventing a transfer from taking effect on the system (as defined in the Xoserve report to Ofgem). PO explained that whilst this information is being provided to assist

users in their assessment of the relevant objectives for both UNC0602 & 0602A, they need to be aware that exact figures for May / June 2017 will be different.

Some parties believe that there are also some indirect Project Nexus implementation and customer switching related benefits associated with UNC0602 and 0602A. When asked whether or not having an additional three days for switching could mean that consumers lose out on their potential benefits, DA explained that the differences between UNC0602 / 0602A and iGT092 / 092A provisions result in a days difference overall – however, it was suggested that extreme care is needed to avoid potentially codifying a perverse incentive.

It was suggested that there could be benefits associated with the additional objection day provision resulting in a potential reduction in the reliance on the manual workaround processes should a User decide to take their systems down early.

DA explained that in terms of the confirmation effective date timelines, there are two defined elements, namely the UNC minimum calculation period and the minimum supply point system business days. He went on to suggest that there are consequential user system benefits where both values are considered – In short UNC0602A and iGT092A only require one of these values to be changed, whereas UNC0602 and iGT092 would require both values to be amended in order to derive the Supply Point Registration Date successfully. Xoserve analysis suggests that the simpler (UK Link) system solutions are associated with UNC0602A and iGT092A, and that the expectation is for this to apply to User's systems also.

During a quick review of the relevant objectives, no new items or adverse comments were received.

Before moving on to review the legal text for UNC modifications 0602 and 0602A, SL advised that legal text for the iGT092 and 092A modifications has been available for some time.

AC explained that the legal text for UNC0602 and 0602A is currently in draft form with further tweaks being considered.

DA provided an overview of the draft legal text and explained where Xoserve have suggested some additional clarity.

When asked whether or not a new definition for what communications cannot be sent would / could be beneficial, DA pointed out that these are already defined in more detail within the modification itself along with the low level transitional design elements. However, AC and DA (and MF) advised that they would be happy to consider amending 0602 and 0602A to clarify the matter, including a simple single line statement within Section 4.

During discussions DA highlighted the principle differences in the two tables contained in paragraph 5.5.10 in 0602 and 0602A and advised that a reference to 31 May would be added where appropriate in order to satisfy the second UNC defined element (i.e. the minimum supply point system business days provision).

Focusing attention on 0602 paragraph 5.5.11 provisions, DA advised that this deals with the point raised in the detailed discussions undertaken at the 22 December 2016 Workgroup meeting – please note the statement will be amended in the final version of the legal text to be provided in due course. DA noted that the 12:00hrs reference would be amended to read as 13:00hrs in order to potentially cater for the increase in volumes, which remain unknown at this time. When asked if these would be added to the respective iGT legal text, SL explained that this would not be necessary and the iGT modifications do not contain this specific reference. MF advised that PwC have been asked to look at the potential volumes issue.

In briefly considering the 0602A paragraph 5.5.11 statement, DA advised that this remains reflective of the intent of the modification and explained the differences

between it and the 0602 equivalent. When asked, parties indicated that they were broadly supportive of the legal text as provided for both 0602 and 0602A.

When asked whether or not the legal text should highlight when the new rules would apply from, DA agreed to consider adopting a consistent tabulated format (i.e. mirror the equivalent iGT tables).

Parties then enquired as to whether or not, as Proposer of 0602 National Grid Gas Distribution Limited, would consider withdrawing 0602 in light of the potential benefits around the four day aspects associated with 0602A, to which AC advised that he would not at this time as he sees benefit in retaining 0602 on a comparator basis. DA supported this view by explaining that in his opinion, there is both benefit in retaining 0602 as it looks to minimise Supplier licence condition related impacts and providing Ofgem with another option to the 0602A solution.

In noting that both modifications (0602 and 0602A) deliver PNSG requirements, BF suggested that the two Proposers consider providing amended modifications inline with today's discussions, including provision of final legal text by no later than Tuesday 10 January 2017 in order that the Workgroup Report can be completed and published immediately thereafter and submitted to the 19 January 2017 UNC Panel for consideration – this approach was supported by those parties in attendance.

3.2 iGT Modification 092A

For further detailed information relating to this modification, please refer to the supporting comparison paper (outlining the Shippers and Consumer impacts and the differences between iGT092 and 092A) provided for the meeting, available to view and/or download from the Gemserv web site.²

4.0 Development/completion of the Workgroup Report

4.1. Issues and Questions from Panel

4.1.1. The Workgroup is requested to consider the Proposer's requested governance and provide a justified recommendation

Inline with the discussions (and agreed approach) under item 3.1 above, further consideration of this item was not required.

4.1.2. The Workgroup is asked to validate the Solution in terms of how many days are required to accommodate objections, and how this would be achieved

Inline with the discussions (and agreed approach) under item 3.1 above, further consideration of this item was not required.

Concluding discussions, SL provided a brief overview of the iGT092 and 092A legal text before pointing out that the two iGT modifications do not need amendment and the iGT Workgroup Report would be submitted to the 10 January 2017 iGT Panel for consideration.

When asked parties agreed to review the iGT Workgroup Report and provide views back to Gemserv by 17:00 on Friday 06 January 2017.

5.0 Review of Actions Outstanding

1201: Xoserve (DA) to provide more clarity around the actual objection window constraints for inclusion in the modification.

² Supporting iGT092A documentation is available to view and/or download from the Gemserv web site at: <http://www.igt-unc.co.uk/Modification+Workstream+Meetings/2017+Meetings/January?pgid=1516>

Update: Whilst not specifically discussed, it was noted that amended 0602 modification (and thereafter 0602A) had been provided post the 22/12/16 Workgroup meeting. **Closed**

6.0 Any Other Business

None.

7.0 Next Steps

The Proposers of UNC modifications 0602 and 0602A to consider providing amended modifications and final legal text for inclusion in the Workgroup Report. Thereafter, the Joint Office to prepare and submit the Workgroup Report for consideration at the 19 January 2017 UNC Panel meeting.

8.0 Diary Planning

Further details of planned meetings are available at: www.gasgovernance.co.uk/Diary

There are no further Workgroup meetings scheduled at this time.

Action Table (as at 05 January 2015)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
1201	14/12/16	3.0	To provide more clarity around the actual objection window constraints for inclusion in the modification.	Xoserve (DA)	Update provided. Closed