Stage 01: Modification

0379:

Provision for an AQ Review Audit

This modification will obligate the Network Owners to audit Shipper's use of the AQ Review window under certain circumstances.

The Proposer recommends
The Workgroup assesses this modification.

High Impact:
Shippers

Low Impact:
Network Owners

At what stage is this document in the process?

01 Modification

02 Workgroup Report

03 Draft Modification Report

04 Final Modification Report

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About this document:

This document is a modification, which will be considered by the UNC Panel on 19 July 2012.

Any questions?

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1 Summary

Is this a Self Governance Modification

The Modification Panel determined this modification should not follow Self Governance procedures.

Why Change?

The AQ Review process helps assign £billions of cost in the gas market and any issues or misuse of it can therefore have a material impact on the accuracy of cost allocation and therefore consumer's bills. We believe that the current controls on Shipper's use of the AQ Review process are not proportionate to the potential damage that would be done to competition were the process to be misused.

Solution

This proposal will obligate a Small Supply Point (SSP) Shipper with more than 50,000 small supply points to contract with an Auditor when the AQ values resulting from the AQ Review process is more than 80% greater than the median AQ Reduction, or the SSP Shipper has sent more than 10% greater downward amendments than the median, as shown on a developed Mod 81 Release 3 report, and the Shipper has also achieved a greater AQ reduction than the median of SSP Shippers.

By Small Supply Point (SSP) Shipper we only refer to a Shipper's SSP portfolio and a supply point that remains as a Small Supply Point for the whole gas year. It is understood that some shipper organisations have a single shipper ID and some have many shipper IDs. In this context, a "Shipper" is defined as an individual "Shipper ID" or "State" on the Mod 81 report.

It is proposed that in the event that the audit identifies any misuse of the AQ Review process, the audit where possible, should provide a high level assessment as to whether any activity undertaken by the shipper may have resulted in them achieving an unfair financial benefit and the costs associated with the provision of the audit would be paid in full by the audited Shipper.

Impacts & Costs

This modification will place an obligation on the Shipper who will be responsible for agreeing and entering into a contractual relationship with the auditor. Audit costs will be allocated to the SSP market through the User Pays mechanism.

All NDM Shippers will be required to fund this audit provision, because the NDM benefit from the audit, regardless of whether they themselves are audited. As above should the audit identify any misuse of the Shippers AQ Review process the costs associated with the provision of the audit would be paid in full by the audited Shipper.

Implementation

This modification should be implemented as soon as possible following an Ofgem direction to do so.

The Case for Change

Where can I find more information about how the AQ amendments process works?

The rules which govern the AQ amendments processes can be found in UNC section G, from paragraph 1.6 onwards. Link here.

We believe that by improving the control and assurance framework around the AQ amendment process the industry will have more confidence that the process is working effectively, Shippers will be dissuaded from any potential misuse of the process and the industry will be better able to identify and resolve any misuse.

We consider that this in turn will ensure that cost allocation in the gas market will be as accurate as possible thus facilitating effective competition between Shippers. In addition, we consider this modification will provide greater transparency over the degree to which Shippers are compliant with the existing Code obligations not to misuse the AQ amendment process, thus facilitating efficiency in the implementation and administration of the Code. This modification will therefore facilitate Relevant Objectives (d) and (f).

Recommendations

We recommend that this modification be sent for development.

2 Why Change?

Context

In the Non-Daily Metered (NDM) market the allocation of gas costs are allocated based on an estimate of how much gas a site has used. These estimated costs are then aggregated up for all the sites on a Shipper's portfolio to calculate the charges that Shipper is liable for.

The estimate referred to above is known as the Annual Quantity (AQ) value, and it is derived from historic consumption at a site. As with any other estimate, the AQ is not absolutely accurate and therefore the AQ Review process exists to allow Shippers to correct any material variations between the AQ and the consumption they see at the site.

The rules around the AQ Review process provide for the Network Owners to advise the Shipper, for each of the NDM sites in their portfolio, a provisional AQ value by 31st May in each year. Shippers than have until 13th August in each year to amend any AQ value which they consider to be inaccurate by submitting meter readings which substantiate the revised AQ it is seeking. Importantly, Shippers have an obligation to ensure that in the AQ Review they have applied a methodology which is consistent across their Supply Points, they have been even handed in their submission of AQ amendments – whether they be increases or decreases – and that it has not been selective over the AQs which it has finally amended.

The risk arising from misuse of this process is material: £billions of cost is allocated through the AQ process each year and we calculate that were a Shipper with a 10% NDM market share to avoid just 1% of their costs through misuse of the AQ Review process, the misallocation of costs would be worth ~£6.5m[1].

The Issue

Despite the significant impact of the AQ Review process and the impact that would arise from any misuse of it, the controls around it are inappropriately weak. We consider it a major flaw in industry governance that, given the amount of cost which the process allocates in the NDM market, there is no provision for an audit of Shipper behaviour.

[1] Assuming approximate SSP aggregate AQ of 328 TWh at an average cost of approximately £20m p/TWh, or £6.5bn total value. 10% share of this cost is therefore approximately £650m, with 1% of that cost valued at approximately £6.5m.

3 Solution

This proposal will obligate all Small Supply Point (SSP) Shippers with greater than 50,000 small supply points to contract with an Auditor when the AQ values resulting from the AQ Review process is more than 80% greater than the median AQ Reduction, and the Shipper has sent more than 10% greater downward amendments than the median, as shown on Mod 81 Release 3 report, and the Shipper has also achieved a greater AQ reduction than the median of Shippers.

Immediately following an implementation of this Modification, the Network Owners will assess Shipper's performance in the next AQ Review period to have occurred. When the AQ values resulting from the AQ Review process is more than 80% greater than the median AQ Reduction, or the Shipper has sent more than 10% greater downward amendments than the median, as shown on a developed Mod 81 Release 3 report, and the Shipper has also achieved a greater AQ reduction more than the median of Shippers with more than 50,000 small supply points, a Shipper will be responsible for agreeing and entering into a contractual relationship with an approved auditor.

These trigger levels have been chosen as they signify what we consider to be material variations in those metrics which are worthy of further scrutiny. (See Appendix B for a detailed explanation of the trigger set levels).

It is understood that some shipper organisations have a single shipper ID and some have many shipper IDs. In this context, a "Shipper" is defined as an individual "Shipper ID" or "State" on the Mod 81 report.

The audit will be tasked with assessing compliance with all rules relevant to the operation of the AQ Review Process and include an assessment of the degree to which any AQ movement was inappropriate.

It is proposed that in the event that the audit identifies any misuse of the AQ Review process, the audit where possible, should provide a high level assessment as to whether any activity undertaken by the shipper may have resulted in them achieving a financial benefit and the costs associated with the provision of the audit would be paid in full by the audited Shipper.

Modification Proposal 0379: Provision for an AQ Review Audit

Business Rules

AQ Review Audit Trigger

Following an AQ Review, a Small Supply Point (SSP) Shipper with greater than 50,000 small supply points, as at 1st October of the next gas year, will automatically trigger an AQ Review Audit when either the criterion in Trigger 1 or both criteria in Trigger 2 below are met.

By Small Supply Point (SSP) Shipper we only refer to a Shipper's SSP portfolio and a supply point that remains as a Small Supply Point for the whole gas year. The data utilised to determine the 'trigger' will be taken from a developed Mod081 report, published annually on the 1st November, by Xoserve.

It is understood that some Shipper organisations have a single Shipper ID and some have multiple Shipper IDs. For the purposes of these business rules, a "Shipper" is defined as an individual "Shipper ID" or "State" as per the Mod 81 report.

Trigger 1

The SSP Shipper's aggregate AQ reduction for their particular Shipper ID is more than 80% greater than the median AQ Reduction calculated for all SSP Shipper IDs with more than 50,000 small supply points.

Trigger 2

i) The SSP Shipper has sent more than 10% greater downward amendments than the median calculated for all Shipper IDs with more than 50,000 small supply points, as shown on the developed Mod 81 report , and;

ii) The SSP Shipper has also achieved a greater AQ reduction than the median of other SSP Shippers with more than 50,000 small supply points.

(See Appendix A for further detail).

General points

1. Only Shippers with a Small Supply Point portfolio with greater than 50,000 small supply points would be considered for an audit.
2. The Shipper's performance would be calculated per Shipper licence ID and not by licensed entity, irrespective of market segment.
3. Once the trigger for an audit has been reached there will be no opportunity for a Shipper to seek to simply provide an explanation pertaining to their performance issues and avoid the requirement for an audit to be conducted.
4. Where an audit has been undertaken and the AQ Review Audit Report has concluded that the AQ Review had been undertaken in accordance with the Uniform Network Code, the costs of any and all audit(s) undertaken would be smeared across the SSP market, by market share of AQ as at 1st October of the preceding gas year via a Users Pays invoice.
5. Where an audit has been completed and the AQ Review Audit Report has concluded that the audited Shipper did not undertake the AQ Review in accordance with the Uniform Network Code, the costs associated with the provision of the audit would be paid in full by the audited Shipper.
6. The auditor will have a requirement to prepare an AQ Review Audit Report in accordance with their defined terms of reference and will be required to issue this report in full to the Shipper. The full report will make recommendation to improve performance. If required the full audit report will be available to Ofgem. An

executive summary of the AQ Review Audit Report, detailing the auditor's conclusions would be provided to the relevant Uniform Network Code committee.

7. All reasonable steps should be undertaken to ensure that the audit and publication of the report should be completed within 5 months of the publication date of the MOD081 report (release 3 due on 1st November) and where possible completed before the commencement of the next AQ Review amendment process.

Provision of an Auditor

8. Prior to the publication of the MOD081 report (release 3) the Joint Office would invite each Shipper and Transporter to nominate up to three Gas Industry Auditors to appear on the Gas Industry Auditors List and the Transporters/Shippers must nominate these to the Joint Office.

9. The list of proposed Gas Industry Auditors will be collated by the Joint Office and provided to the Uniform Network Code Committee (UNCC).

10. The UNCC will establish an expert panel subgroup (or refer to an appropriate existing group) to consider the list of proposed auditors and will endorse or decline to endorse the auditor by considering the appropriateness of their expertise. A list of endorsed Gas Industry Auditors will then be formally established.

11. Once a Gas Industry Auditor has been placed onto the endorsed Gas Industry Auditor List the Joint Office will request them to confirm in writing to the Joint Office their desire to be registered as a Listed Gas Industry Auditor or not. Should the auditor wish to withdrawal from the list they will notify their request to the Joint Office.

12. Each year, parties detailed within the Gas Industry Auditor List will be communicated with to ensure that they still wish to be on the list. Transporters and Shippers will also be able to propose additional auditors for potential inclusion onto the list.

Provision of the UNCC Subgroup

13. (If a new sub group is required) Members of UNCC Subgroup will be nominated and voted for in accordance with rules to determine membership of other UNCC sub committees. Voting of the members for the UNCC Subgroup will occur annually. Members will stay in place for one year from the date the voting takes place.

Assigning an Auditor

14. Xoserve will be responsible for calculating Shipper performance in accordance with Mod379 requirements and the production of a report detailing performance per qualifying Shipper.
15. This report will identify which Shipper ID(s), if any, have triggered the requirement for an audit.
16. Xoserve will be responsible for issuing a copy of the report, in a timely manner, to all parties that are eligible to receive the Mod81 report. The report will also be issued to the UNCC who will notify the relevant UNCC Subgroup requesting action to be undertaken as required.
17. The UNCC Subgroup will vote for a preferred auditor, from the Gas Industry Auditor List in accordance with the following principles.
    - Each UNCC Subgroup Member present at the meeting will be eligible to partake in the vote.
    - Each member will nominate up to 3 parties from the Gas Industry agreed auditor list and will provide their nominations to the Subgroup Chairman on the appropriate nomination form.
    - The Subgroup Chairman will receive and collate the nominations and list the unique parties nominated.
    - Upon receipt from the Subgroup Chairman of the list of all unique parties nominated, each member will using an appropriate voting form, rank in order

of preference (1 to n, where 1 is the least favoured and n is the most favoured) and provide to the Subgroup Chairman.

- The Subgroup will take practical steps to ensure the Audit costs are reasonable through the ability to review and challenge the proposal of the cost to protect industry parties.

- The Subgroup Chairman will collate the aggregated scores for each nominated party and advise the Subgroup of the result of the vote.
- In the event of a tie, members will vote specifically upon the tied parties. Where this results in a further tie, the Subgroup Chairman shall have the casting vote.

18. Where an audit for more than one party is required, a separate voting procedure will be undertaken for each.
19. The Shipper which is to be subject to an audit will be informed of the result of the vote and be required to make contact with the specified auditor requesting confirmation of the auditors interest in performing the audit, in accordance with the standard Terms of Reference defined.
20. The Shipper will be responsible for agreeing and entering into a contractual relationship with the auditor for the purposes of conducting the audit, within the specific timeframe of March the following year.
21. Where contractual arrangements are not able to be agreed with the preferred auditor, the Shipper must explain the rationale for this and when directed but the UNCC Subgroup, approach the second ranked Auditor as per the initial vote undertaken.
22. A mechanism will be agreed with the Shipper to enable transparency of this process in terms of progress, timescales and costs, such that the Shipper to be audited can provide updates back to the relevant UNCC Subgroup.
23. The Auditor must assure the UNCC Subgroup that they can perform an independent audit against the specified Terms of Reference declaring any conflicts of interest to the UNCC subgroup.
24. The UNCC Subgroup will consider any declaration of conflicts of interest and determine the suitability of the auditor to undertake the audit and will instruct the Shipper to be audited accordingly.

Audit Terms of Reference

25. The auditor will be required to undertake an audit as detailed within the specified Terms of Reference.
26. The Shipper (and the relevant supplier) to be audited will be required to provide full co-operation with the auditor during the complete audit process.
27. The auditor will assess the overall compliance with all the relevant rules and obligations associated with the AQ Review Process as detailed within the Uniform Network Code as detailed within the Terms of Reference.
28. The Terms of Reference of the audit would include:
    a. A review of the approach taken by the Shipper regarding the AQ Review process and how amendments have been determined for both SSP, how amendments were prioritised and managed in accordance with the requirements defined within the UNC.
    b. The audit will determine whether a fair and balanced approach has been undertaken by the Shipper associated with the sending of all possible amendments, both upwards and downward amendments.
29. The auditor, where possible, should provide a high level assessment as to whether any activity undertaken by the shipper may have resulted in them achieving an unfair financial benefit.

APPENDIX A

Business Rules AQ Review Audit Trigger detailed explanation

Following an AQ Review, a Small Supply Point (SSP) Shipper, as at 1st October of the next gas year, will automatically trigger an AQ Review Audit when either the criterion in Trigger 1 or both criteria in Trigger 2 below are met.

The data utilised to determine the 'trigger' will be from a developed Mod081 report, published annually on the 1st November, by Xoserve.

It is understood that some Shipper organisations have a single Shipper ID and some have multiple Shipper IDs. For the purposes of these business rules, a "Shipper" is defined as an individual "Shipper ID" or "State" as per the Mod 81 report.

Trigger 1

The Small Supply Point (SSP) Shipper's aggregate AQ reduction for their particular Shipper ID is more than 80% greater than the median AQ Reduction calculated for all Shipper IDs with more than 50,000 small supply points.

Detailed methodology:

1. From Mod 81 Release 3 Report 10, sum columns "MPR_Count", "Previous_NDM_AQ ", and "Current_NDM_AQ" by "Current Shipper".

2. Discard any "Current Shipper" that are not SSP Shippers.

3. Calculate the percentage change between "Previous_NDM_AQ ", and "Current_NDM_AQ", i.e. [("Current_NDM_AQ" - "Previous_NDM_AQ ") / "Previous_NDM_AQ "], shown in column "% change" on the table below.

4. Calculate the median value in the column "% change".

5. Calculate the percentage difference for each "Current Shipper" between the median "% change" and the shipper's "% change", i.e. [("% change" – "Median % Change")/ "Median % Change"], shown in column "% Difference to Median" on the table below.

6. If "% Difference to Median" is greater than 80%, an audit is triggered.

Current Shipper	MPR Count	Previous_NDM_AQ	Current_NDM_AQ	% Change	% Difference to Median
Athens	73,633	24,952,343,281	24,808,515,295	-0.6%	-57.9%
Auckland	1,400,624	21,058,788,422	20,703,943,317	-1.7%	23.0%
Christchurch	199,286	3,204,135,437	3,224,894,084	0.6%	-147.3%
Copenhagen	108,160	5,229,022,333	5,198,563,597	-0.6%	-57.5%
Delhi	678,889	10,762,449,636	10,621,815,898	-1.3%	-4.6%
Frankfurt	9,191,078	157,873,373,985	155,873,478,401	-1.3%	-7.5%
Geneva	78,621	2,575,026,362	2,522,740,299	-2.0%	48.2%
Helsinki	346,970	6,995,902,463	6,832,893,074	-2.3%	70.1%
Lisbon	241,441	4,460,624,926	4,413,487,953	-1.1%	-22.9%
Mexico City	2,209,801	35,989,893,677	35,428,185,207	-1.6%	13.9%
Montreal	1,712,605	26,626,264,183	26,233,477,787	-1.5%	7.7%
Oslo	1,491,652	23,048,824,000	22,922,261,862	-0.5%	-59.9%
Port Elizabeth	88,692	1,393,387,863	1,374,296,344	-1.4%	0.0%
Stockholm	132,078	2,339,784,797	2,291,352,027	-2.1%	51.1%
Sydney*	3,367,063	55,659,748,277	53,821,715,290	-3.3%	141.0%
Median				-1.4%	

* Indicative data from 2011 indicates one Shipper has triggered an audit

Trigger 2

i) The Shipper has sent more than 10% greater downward amendments than the median calculated for all Shipper IDs with more than 50,000 small supply points, as shown on the developed Mod 81 report, <u>and</u>;

ii) The Shipper has also achieved a greater AQ reduction than the median of Shippers with more than 50,000 small supply points.

Detailed methodology:

1. From Mod 81 Release 3 Report 10, sum columns "MPR_Count", "Previous_NDM_AQ ", and "Current_NDM_AQ" by "Current Shipper".
2. Discard any "Current Shipper" that are not SSP Shippers .
3. From Mod 81 Release 3 Report 2, for the shippers remaining after step 2, take the data from columns "Accepted", "Decreasing_AQs", and "Increasing_AQs".
4. Calculate for each "Current Shipper" the percentage of downward amendments, i.e. "Decreasing_AQs" / "Accepted", shown in column "Downward" on the table below.
5. Calculate the median value in the column "Downward".
6. Calculate for each "Current Shipper" the percentage difference between the shippers downward amendments and the median downward amendments, i.e. [("Downward" – "Median Downward") / "Median Downward"], shown in "Difference to Median" column on the table below.
7. If, for a particular Shipper, "Difference to Median" is greater than 10%, <u>and</u> in the table above "% Change" is less than the median (i.e. shows a greater AQ reduction), an audit is triggered.

Shipper	MPR Count	Accepted	Decreasing_ AQs	Increasing_ AQs	Downward	Difference to Median
Athens	73,633	4,536	2,911	1,612	64%	10%
Auckland	1,400,624	153,029	82,918	70,071	54%	-7%
Christchurch	199,286	9,844	6,125	3,719	62%	7%
Copenhagen	108,160	23,080	12,792	10,280	55%	-5%
Delhi	678,889	76,673	42,196	34,447	55%	-6%
Frankfurt	9,191,078	1,007,417	587,687	413,857	58%	0%
Geneva*	78,621	572	373	198	65%	12%
Helsinki	346,970	29,889	18,569	11,318	62%	6%
Lisbon	241,441	14,154	8,135	6,011	57%	-1%
Mexico City	2,209,801	174,651	101,185	73,462	58%	-1%
Montreal	1,712,605	114,218	70,114	44,001	61%	5%
Oslo	1,491,652	76,589	48,127	28,449	63%	8%
PortElizabeth	88,692	9,492	5,246	4,238	55%	-5%
Stockholm	132,078	14,654	8,539	6,114	58%	0%
Sydney	3,367,063	344,428	206,334	137,928	60%	3%
Median	346,970	29,889	18,569	11,318	58%	0%

- Indicative data from 2011 indicates one Shipper has triggered an audit

APPENDIX B

Detailed explanation of Trigger set levels

Trigger 1. More than 80% greater than the median AQ Reduction.

The industry would expect the aggregate AQ change for each SSP shipper to be similar, and in most cases they are within +/- 50% (column L on the spreadsheet). The 80% figure was chosen based on historical data – any differences in AQ change above this tolerance are really unusual and anomalous.

In 2011, Sydney obtained an AQ reduction of 3.3%, 114% greater than the mean of 1.5%. If Sydney had achieved an AQ reduction equivalent to the mean, their AQ reduction would have been 980 GWh less. 980 GWh is roughly equivalent to £20m at 2p/kWh.

In 2008, Copenhagen would have met the criteria for trigger 1. If they had achieved the mean AQ reduction, their AQ reduction would have been 270 GWh less, or £5.4m.

Trigger 2, i) More than 10% greater downward amendments than the median, and ii) the Shipper has also achieved a greater AQ reduction than the median of SSP Shippers.

Again from the Mod 81 report historical data we found that most shippers submit a proportion of downward AQ amendments within +/- 10% of the mean value, so any proportion of downwards amendments outside of the trigger is anomalous. We combined this with the overall AQ reduction to make sure that only shippers who possibly benefited from submitting a greater proportion of downward amendments were audited.

In 2011, Geneva would have met the criteria for trigger 2. By the same calculations as above they achieved a 13 GWh greater reduction than if they had achieved the mean AQ reduction, or £260k.

In 2010, Montreal and Oslo both met the criteria for trigger 2, achieving 310 GWh (£6.2m) and 246 GWh (£4.9m) greater reductions than the mean.

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.	Yes, see below.
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	Yes, see below.

We consider this modification facilitates UNC Relevant Objectives (d) and (f). Our reasoning is given below.

d) Securing of effective competition:

We believe that the provision of an audit mechanism around the AQ review process will give the industry more confidence that the process is working effectively, dissuade Shippers from any potential misuse of the process and better enable the industry to identify and resolve any misuse.

We consider that this in turn will ensure that cost allocation in the gas market will be as accurate as possible thus facilitating effective competition between Shippers.

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

In addition, we consider this modification will provide greater transparency over the degree to which Shippers are compliant with the existing Code obligations not to misuse the AQ amendment process, thus facilitating efficiency in the implementation and administration of the Code.

5 Impacts and Costs

Consideration of Wider Industry Impacts

The modification is unlikely to have wider industry impacts.

Impacts

This modification will impact both Shippers and Network Owners. Network Owners will need to procure or provide the audit service and Shippers will bear the costs associated with that.

Costs

Indicative industry costs – User Pays
Classification of the modification as User Pays or not and justification for classification
User Pays
Identification of Users, proposed split of the recovery between Gas Transporters and Users for User Pays costs and justification
Shippers will pay 100% of the costs associated with this. We believe that this is justified as the anticipated benefit will be entirely in the Shipper market. The costs of the audit(s) are to be smeared across the NDM market, by market share of AQ via User Pays. Where an AQ Review Audit Report identifies that a shipper did not undertake the AQ Review in accordance with the relevant section of the UNC, the costs associated with the provision of the audit would be paid in full by the audited Shipper.
Proposed charge(s) for application of Users Pays charges to Shippers
TBC
Proposed charge for inclusion in ACS – to be completed upon receipt of cost estimate from xoserve

Impacts

Impact on Transporters' Systems and Process	
Transporters' System/Process	Potential impact
UK Link	• TBC
Operational Processes	• TBC
User Pays implications	• TBC

Impact on Users	
Area of Users' business	Potential impact
Administrative and operational	• Shippers facing an audit will need to provide operational support and other resource, as necessary, for the duration of the audit.
Development, capital and operating costs	• TBC.
Contractual risks	• None.
Legislative, regulatory and contractual obligations and relationships	• None.

Impact on Transporters	
Area of Transporters' business	Potential impact
System operation	• TBC
Development, capital and operating costs	• TBC
Recovery of costs	• TBC
Price regulation	• TBC
Contractual risks	• TBC
Legislative, regulatory and contractual obligations and relationships	• TBC
Standards of service	• TBC

Impact on Code Administration	
Area of Code Administration	Potential impact
Modification Rules	• None.
UNC Committees	• None.
General administration	• None.

Impact on Code	
Code section	Potential impact

Impact on UNC Related Documents and Other Referenced Documents	
Related Document	Potential impact
Network Entry Agreement (TPD I1.3)	None.
Network Exit Agreement (Including Connected System Exit Points) (TPD J1.5.4)	None.
Storage Connection Agreement (TPD R1.3.1)	None.
UK Link Manual (TPD U1.4)	None.
Network Code Operations Reporting Manual (TPD V12)	None.
Network Code Validation Rules (TPD V12)	None.
ECQ Methodology (TPD V12)	None.
Measurement Error Notification Guidelines (TPD V12)	None.
Energy Balancing Credit Rules (TPD X2.1)	None.
Uniform Network Code Standards of Service (Various)	None.

Impact on Core Industry Documents and other documents	
Document	Potential impact
Safety Case or other document under Gas Safety (Management) Regulations	None.
Gas Transporter Licence	None.

Other Impacts	
Item impacted	Potential impact
Security of Supply	None.
Operation of the Total System	None.
Industry fragmentation	None.
Terminal operators, consumers, connected system operators, suppliers, producers and other non code parties	None.

6 Implementation

This modification should be implemented as soon as possible following an Ofgem direction to do so.

7 The Case for Change

Advantages

Provides greater transparency over Shipper behaviour during the AQ amendment process, deterring any non-compliance and ensuring that any non-compliance can be identified and addressed.

Disadvantages

None identified.

8 Legal Text

9 Recommendation

The Proposer invites the Workgroup to:

- DETERMINE that Modification 0379 progress to a Consultation.