

Stage 02: Workgroup Report

At what stage is this document in the process?

0520: Performance Assurance Reporting

01

Modification

02

Workgroup Report

03

Draft Modification Report

04

Final Modification Report

This modification is to introduce lower level industry performance reporting



The Workgroup recommends that this modification should be returned to Workgroup for further assessment.









High Impact: None



Medium Impact: Shippers



Low Impact: Transporters

Contents		
1	Summary	3
2	Why Change?	3
3	Solution	4
4	Relevant Objectives	5
5	Implementation	6
6	Impacts	6
7	Legal Text	7
8	Recommendation	7
About this document:		
This report will be presented to the panel on 17 September 2015.		
The panel will consider whether the modification should be returned to Workgroup for further assessment or proceed to consultation.		
The Workgroup recommends the following timetable:		
Initial consideration by Workgroup	13 January 2015	Any questions? Contact: Code Administrator  enquiries@gasgovernance.co.uk  0121 288 2107
Amended Modification considered by Workgroup	01 October 2015	
Workgroup Report presented to Panel	03 October 2015	
Draft Modification Report issued for consultation	15 October 2015	Proposer: Andrew Margan
Consultation Close-out for representations	06 October 2015	 Andrew.margan@centrica.com  07789 577327
Final Modification Report published for Panel	09 October 2015	
UNC Modification Panel decision	19 November 2015	
		Transporter: richard.pomroy@wwutilities.co.uk Wales and West
		Systems Provider: Xoserve
		 commercial.enquiries@xoserve.com
		Systems Provider: Xoserve
		 commercial.enquiries@xoserve.com

1 Summary

Is this a Self-Governance Modification?

Self Governance should not apply to this modification because the reporting will identify individual User performance and this change could have a material effect on competition in the shipping, transportation or supply of gas conveyed through pipes or any commercial activities connected with the shipping, transportation or supply of gas conveyed through pipes.

Why Change?

The new gas settlement regime introduced as part of the Project Nexus arrangements is expected to offer wide benefits to the industry, however it is also recognised that new risks may be introduced. The gas Performance Assurance Workgroup (PAW) was established by the Uniform Network Code (UNC) Modification Panel to consider the development of a framework that can help to ensure the gas settlement risks are understood, and to provide assurance that the actions of parties are not inappropriately allocating costs to others.

Given the value of energy that is delivered throughout GB each day, any small percentage of inaccuracy in aggregate allocation is potentially significant. The volume of un-reconciled energy after any period is dependent upon accurate and timely data provision, including asset and available consumption data.

The transparency of individual User and industry performance will be a key component in ensuring Nexus functions effectively and ensures the objective of User and industry performance is maintained or potentially improved.

This modification is expected to be one of a series of modifications around Performance Assurance, each of which should be able to be developed independently and implemented at different times as required. For the avoidance of doubt it is intended that this modification be implemented without reliance on any other modification.

Solution

This modification proposes to introduce reporting arrangements for the key industry inputs which impact accurate settlement allocation.

Relevant Objectives

This proposal will have a positive impact on relevant objectives d) Securing of effective competition by reporting User data input performance in elements related to settlement accuracy and with improved data quality the proposal should further relevant objective a) Efficient and economic operation of the pipe-line system.

Implementation

No implementation timescales are proposed.

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

This modification is related to the UK Link Replacement project, aka Nexus, but will not have an impact on the signed off requirements or system delivery timescales. The new UK Link replacement system has reporting functionality built into the current specification. This change will give the relevant Transporters the legal vires to produce reports from available industry data.

2 Why Change?

As part of the outcome of the last Gas Distribution price control review, it was agreed that funding should be available to support a major IT systems investment programme by the Transporters' agent, Xoserve.

This major systems investment for UK Link Replacement provides an opportunity to consider whether the existing UNC requirements remain appropriate. Whilst the new regime is expected to offer benefits, it is also recognised that new risks may be introduced. As a result the gas Performance Assurance Workgroup (PAW) was established by the Uniform Network Code (UNC) Modification Panel to consider the development of a framework that can help to ensure the gas settlement risks are understood, and to provide assurance that the actions of Users are not inappropriately allocating costs to others.

Given the value of energy that is delivered throughout GB each day, any small percentage of inaccuracy in aggregate allocation is potentially significant. The volume of un-reconciled energy after any period is dependent upon accurate and timely data provision, including asset and available consumption data. Therefore PAW has identified the necessity for individual User and industry performance reporting, for the key industry inputs, which impact accurate settlement allocation.

The transparency of individual User and industry performance will be a key component in ensuring UK Link Replacement functions effectively, the key benefits are realised and ensures User and industry performance is maintained or potentially improved.

This modification is expected to be one of a series of modifications around Performance Assurance, each of which should be able to be developed independently and implemented at different times as required. For the avoidance of doubt it is intended that this modification be implemented without reliance on any other modification.

This will also allow the other Performance Assurance Incentive Regime (UNC 0483)¹ and Gas Performance Assurance Framework and Governance Arrangements (UNC0506)² modifications to be considered on their own merits and not potentially delay by other proposals.

The intension of this proposal is that this change provides Transporters the legal vires to produce reports from industry data. Available data could include UK Link Replacement data or other data. This position is taken as Users have access to their own data, whereas the Transporters have access to all User and industry data.

Performance Assurance Workgroup reporting subjects are documented in Appendix 1. This will be the starting point for the creation of a Performance Assurance Reporting guidance document. The detailed specification for each report will be developed at Performance Assurance Workgroup.

3 Solution

This modification will create the obligation for the relevant Distribution Transporters to produce and publish lower-level Performance Assurance reporting.

Business Rules

1. The Guidelines document Performance Assurance Reporting Template Guidance Document, will be maintained by the relevant Distribution Transporters.

¹ www.gasgovernance.co.uk/0483

² www.gasgovernance.co.uk/0506

2. The Guidelines document will be referenced under the relevant section of code
3. The Transporters will publish the reports monthly. .
4. The Publications of reports are to be made available to UNC Parties.
5. Reports will be issued referencing Shipper Short Codes.

User Pays	
Classification of the modification as User Pays, or not, and the justification for such classification.	The creation of the incentive regime is classified as a User Pays Modification, as it will create additional services in the UNC, which are to be provided by the Transporter Agency.
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.	<p>As Users are the beneficiaries of the services created by these modifications, 100% of the costs are to be recovered from Users.</p> <p>The charging basis for Users is:</p> <p>Total AQ for all LDZs for the relevant billing period for each Shipper (as at the end of the relevant billing period (30th September) as a percentage of the total AQ for all LDZs for the relevant billing period for all Shippers (as at the end of the relevant billing period (30th September))</p>
Proposed charge(s) for application of User Pays charges to Shippers.	Shipper charges will split by Shipper market share throughput. See above.
Proposed charge for inclusion in the Agency Charging Statement (ACS) – to be completed upon receipt of a cost estimate from Xoserve.	A cost estimate is to be provided by Xoserve

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.	Positive
b) Coordinated, efficient and economic operation of <ul style="list-style-type: none"> (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.	None
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 proposal should have a positive effect on relevant objective d) Securing of effective competition. The reporting will allow for the monitoring of Shipper's data input performance in elements related to settlement accuracy and support an incentive regime to improve performance and reduce settlement risk.

This is expected to lead to more accurate and up to date information being held on Xoserve's system and therefore improve accuracy of settlement and information in relation to system utilisation and capacity needs.

This could further relevant objective (a), in particular if more up to date and accurate data allows the Transporters to understand system requirements in areas of constrained capacity.

5 Implementation

No implementation timescales are proposed.

It is expected that implementation of the reporting will be post UK Link System implementation. The reports will be produced using available industry data and therefore will not impact the core design of the UK Link Replacement system.

6 Impacts

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

This change does not impact an SCR.

Post Nexus Implementation

The proposal is intended to use Nexus data for reporting, although it does not limit the Transporters from delivering the change for the current gas settlement regime, it is intended that the change will be implemented post Project Nexus Go-live.

7 Legal Text

While the Proposer is welcome to put forward suggested legal text, formal legal text and commentary will be provided by the Transporters when requested to do so by the Modification Panel.

If this is a proposed Fast Track Self-Governance modification then legal drafting and commentary must be provided.

Text Commentary

In support of the legal text provided, the legal representative shall provide a plain English explanatory note setting out the approach taken to converting the Solution into legal text, illustrating how the legal text delivers the intent of the Solution.

Insert text here

Text

The following Text has been prepared by X, and no issues were raised by the Workgroup regarding its content.

or

Text was not available for Workgroup assessment. However Text has been provided as a separate document published alongside this report.

or

The following Text has been prepared by X at the request of the Modification Panel.

8 Recommendation

The Workgroup invites the Panel to:

- AGREE that this modification should be returned to Workgroup for further assessment.

Panel is requested to note that the Proposer is considering amendments to the modification solution and to the reports document register, which is to be appended to the modification. These amendments may require changes to the Legal Text.

An amended Workgroup timetable has been included on page 2.