

Stage 02: Workgroup Report

0482S:

Proposed Changes to Mod 81 Reports to be effective from 01/7/14

At what stage is this document in the process?



Changes to Mod 81 Reports. It is requested the above changes are effective from 01 July 2014.



The Workgroup recommends that this self-governance modification should now proceed to consultation.



High Impact:
None



Medium Impact:
None



Low Impact:
Changes required to Xoserve reporting

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| About this document: | |  enquiries@gasgovernance.co.uk |
| This report will be re-presented to the panel on 15 May 2014. | |  0121 288 2107 |
| The panel will consider whether the modification should proceed to consultation or be returned to the workgroup for further assessment. | | Proposer: Marie Clark, ScottishPower Energy Management Ltd |
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| | |  telephone |
| | | Transporter: Wales & West Utilities |
| | | Systems Provider: Xoserve |
| | |  commercial.enquiries@xoserve.com |

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 consumers or competition.

Why Change?

UNC Section G 1.6.18 – 1.6.20 requires Transporters to publish information regarding the manner in which the AQ review is conducted. These reports are commonly referred to as “Mod 81 Reports”.

The current drafting of UNC, Section G, Paragraph 1.6.18(a) requires that for each User, in aggregate across all EUCs, the number of successful AQ amendment applications made is reported. This information is displayed in a number of reports which are periodically provided to Shippers during and after the AQ Review. Within the reports, User identities are protected by use of pseudonyms identifiers.

Implementation of Modification 0292 resulted in the AQ amendment tolerance reducing from +/- 20% to +/- 5%. As a consequence the number of AQ amendments that a Shipper has the ability to submit has substantially increased. In some instances Shippers may submit more than one AQ amendment for a Meter Point as meter readings or revised asset information becomes available within the AQ Amendment window.

Currently Mod 81 Reports 1 and 2 provide an aggregated position based on the number of successful AQ amendments submitted by individual Shippers. Current reporting based on all successful amendments has the potential to distort the overall picture of AQ movements (increasing and decreasing), as the reporting includes any multiple amendments for the same site. The reports therefore misrepresent individual Shipper energy movements by LDZ.

Solution

It has been identified that Mod 81 Reports 1 and 2 are amended to report on effective AQ amendments. In addition the terminology used within the reporting column headings will be amended to align with UNC terminology.

Relevant Objectives

Implementation of this modification will introduce increased clarity to the information provided to Shippers regarding AQ amendment activity within the AQ Review Process. As a consequence of this revised approach to reporting, the reporting pack produced by Xoserve and presented at the AQ Operational Meeting should be more representative of effective AQ amendment activity by Shippers and therefore produce a more accurate picture of energy movements by LDZ and market sector. Therefore this proposal furthers relevant objectives d) Securing of effective competition and (f) – promotion of efficiency in the implementation and administration of the Code.

Implementation

The Transporters Agent has indicated that no material costs will be incurred as a consequence of implementing this modification.

No implementation timescales are proposed. However, 1st July 2014 would be beneficial to coincide with the first release of the Mod 81 Reports as required within UNC Section G 1.6.20(a).

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2 Why Change?

Implementation of Modification 0292 resulted in the AQ amendment tolerance reducing from +/- 20% to +/- 5%. As a result the number of AQ amendments that a Shipper has the ability to submit has substantially increased. In some instances Shippers may submit more than one AQ amendment for a Meter Point as meter readings or revised asset information becomes available within the AQ Amendment window.

Reports 1 and 2 provide an aggregated position based on the number of successful AQ amendments submitted by individual Shippers. Some Shippers who attended the Xoserve AQ Operational Meeting held in Nov 2013 expressed a view that it would be beneficial if reporting was based on the number of effective AQ amendments. Current reporting based on all successful amendments has the potential to distort the overall picture of AQ movements (increasing and decreasing) and therefore misrepresent individual Shipper energy movements by LDZ.

At the 7th January 2014 Distribution Workgroup a new Issue was raised entitled "AQ reporting to include amendments that result in a revised AQ". The Workgroup debated the Issue and were generally supportive of a change to the reporting criteria. However, the Workgroup suggested that a broader opinion should be sought from the industry, specifically from organisations' AQ subject matter experts. A further meeting was therefore held on 24th January to discuss the proposed changes.

The opinions from those attendees at the AQ Operational Meeting, who commented on the proposed reporting, agreed that the changes would add clarity to the Mod 81 Reports and as such were supportive.

3 Solution

Proposed Changes to Mod 81 Reports

It is proposed to make the following changes to the Mod 81 reports and that these changes should be effective from 01 July 2014. The opinions from those attendees at the AQ Operational Meeting, who commented on the proposed reporting, agreed that the changes would add clarity to the Mod 81 Reports and as such were supportive.

1. Changes to the Structure of Reports

This Modification seeks to make the following amendments to the current suite of Mod 81 Reports;

Report 1: “AQ Trends Report – Total number of Accepted Amendments Received by LDZ (Count and Energy)”

Report 2: “Accepted Shipper Amendments – increasing and decreasing AQ by Shipper”

Proposed Solution - Report 1 & 2 –Only effective AQ amendments for each Registered Shipper User are reported.

Reports issued on 1st July and 1st August will report on the latest effective Amendments submitted by a Shipper and will be referenced as “User Provisional AQ”. The 1st November report will show the AQ that becomes live as at 1st October YY i.e. the Effective AQ.

2. Terminology Changes

In addition changes are proposed, where necessary, to the column headings of Mod 81 Reports (Reports 1 to 10) to ensure that UNC Terminology is consistently applied. This change will enhance Shipper’s ability to interpret the information being displayed within the contents of the Mod 81 Reports.

| Existing Mod 81 Terminology | UNC Terminology |
|-----------------------------|-----------------|
| Sum Current AQ | Current AQ |
| Sum Proposed AQ (kWh) | Provisional AQ |
| Sum New (kWh) | Effective AQ |

3. Illustration of Proposed Changes

For the purposes of this Modification, the impact of the proposed changes outlined above on Mod 81 Reports 1 and 2 are displayed below:

Report 1 - format as currently published

| LDZ | State | Count Of Meter Points | Sum Current AQ (kWh) | Sum Proposed AQ (kWh) | Sum New (kWh) |
|-----|-------|-----------------------|----------------------|-----------------------|---------------|
|-----|-------|-----------------------|----------------------|-----------------------|---------------|

(Revised Format)

1st July, 1st August

| LDZ | State | Count Of Meter Points | Current AQ | Provisional AQ (kWh) | User Provisional AQ |
|-----|-------|-----------------------|------------|----------------------|---------------------|
|-----|-------|-----------------------|------------|----------------------|---------------------|

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1st November 2014

| LDZ | State | Count Of Meter Points | Current AQ | Provisional AQ (kWh) | Effective AQ |
|-----|-------|-----------------------|------------|----------------------|--------------|
|-----|-------|-----------------------|------------|----------------------|--------------|

Report 2 - format as currently published (no format changes required).

| State | Accepted | Decreasing AQ's | Increasing AQ's |
|-------|----------|-----------------|-----------------|
|-------|----------|-----------------|-----------------|

For the avoidance of doubt, User identities will continue to be protected by the use of pseudonyms.

It is proposed that these changes are effective from 1st July 2014.

The Transporters Agent has indicated that no material costs will be incurred as a consequence of implementing this Modification.

User Pays

Classification of the modification as User Pays, or not, and the justification for such classification.

This is a User Pays modification as costs may be incurred amending the existing reports although the Transporters Agent has indicated that these costs would be minimal. On that basis Transporters have indicated that they would absorb these marginal costs – i.e. there is nothing to recover from Users.

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 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 |

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

Implementation of this modification will introduce increased clarity and visibility to the information provided to Shippers regarding AQ amendment activity within the AQ Review Process therefore promoting efficiency in the implementation and administration of the Code. More accurate reporting may provide greater confidence to all Users on Shipper amendment activity and that AQ amendments are being raised in accordance with the rules outlined within UNC Section G. 1.6.4

5 Implementation

No implementation timescales are proposed. However, 1st July 2014 would be beneficial to coincide with the first release of the Mod 81 Reports as required within UNC Section G 1.6.20(a).

Xoserve has indicated that no material costs will be incurred by the implementation of this Modification.

6 Legal Text

Text

The following Text has been prepared by Wales & West Utilities at the request of the Modification Panel and no issues were raised by the Workgroup regarding its content.

UNIFORM NETWORK CODE – TRANSPORTATION PRINCIPAL DOCUMENT

SECTION G – SUPPLY POINTS

1.6 Annual Quantity

1.6.18 The Transporters shall publish, by the dates specified in paragraph 1.6.20, a report on applications containing the following information in respect of each User (on a non attributable basis):

(a) in aggregate across all End User Categories:

(i) the number of applications made by the User during the User AQ Review Period (in accordance with paragraph 1.6.4) for an increase in the Provisional Annual Quantity and for a decrease in the Provisional Annual Quantity;

(ii) the number of such ~~effective -AQ amendments~~~~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 split by KWh movement bands;

(iii) the number of Speculative Calculation enquiries made by the User during the preceding Gas Year;

(iv) the change to the Annual Quantity ~~in aggregate (expressed in KWh)~~ that has occurred due to the increases or decreases as a result of the ~~effective AQ amendments~~~~successful~~ applications referred to in (a)(ii);

(b) by each End User Category:

(i) the number of Supply Meter Points where the Annual Quantity has increased or decreased as a result of the ~~effective -successful~~ ~~AQ amendment~~ applications referred to in (a)(ii) shown as a percentage of the total number of Supply Meter Points in that End User Category;

(ii) the change to the Annual Quantity in aggregate (expressed in kWh) that has occurred due to the increases or decreases as a result of the ~~effective AQ amendment~~ ~~successful~~ applications referred to in (a)(ii);

(iii) the number of Supply Points that have moved from one End User Category to another End User Category as result of the ~~successful~~ ~~effective AQ amendment~~ applications referred to in (a)(ii);

(c) by each LDZ, the number of such ~~effective AQ amendment~~ ~~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

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Annual Quantity shown by the resulting increase and decrease in comparison to the Provisional Annual Quantity.

1.6.19 For the purposes of paragraph 1.6.18 and 1.6.26:

- (a) **“User AQ Review Period”** is the period during which the User may apply for a User Provisional Annual Quantity in accordance with 1.6.4(a), commencing on the AQ Review Date and ending on the 13 August in the preceding Gas Year;
- (b) **“Speculative Calculation”** means an estimate of the Annual Quantity of a Supply Point derived by the User, using relevant Meter Reads for the Supply Point and the speculative calculator tool which is available for use within UK Link;
- (c) **“User AQ Appeal Period”** is the period detailed in paragraphs 1.6.13(a) and (b) during which the User may appeal the Annual Quantity notified by the Transporter in respect of a Supply Meter Point.
- ~~(e)~~(d) **“effective AQ amendment”** is the most up to date ~~a~~ accepted amendment at the time the report is produced - i.e. the last accepted deemed change that will apply in the absence of any further change.

7 Recommendation

The Workgroup invites the Panel to AGREE:

- that this self-governance modification should be submitted for consultation;
- that the consultation period and implementation decision should be arranged to allow implementation by 01 July 2014.