

UNC Request	At what stage is this document in the process?
<h1 style="color: #008080;">UNC 0783R:</h1> <h2 style="color: #008000;">Review of AQ Correction Processes</h2>	<div style="display: flex; flex-direction: column; align-items: flex-start;"> <div style="border: 1px solid #800040; border-radius: 5px; padding: 5px; margin-bottom: 5px; width: 100%;">01 Request</div> <div style="border: 1px solid #008080; border-radius: 5px; padding: 5px; margin-bottom: 5px; width: 100%;">02 Workgroup Report</div> <div style="border: 1px solid #FFA500; border-radius: 5px; padding: 5px; width: 100%;">03 Final Modification Report</div> </div>
<p>Purpose of Request:</p> <p>A review of the Annual Quantity (AQ) correction processes which are set out within the Uniform Network Code (UNC). This review should assess whether the current arrangements meet the objectives for the setting of the AQ and identify and consider possible amendments that are required to UNC.</p>	
	<p>The Proposer recommends that this request should be assessed by a Workgroup This request will be presented by the Proposer to the Panel on 21 October 2021.</p>
	<p>High Impact: None</p>
	<p>Medium Impact: Shippers, Transporters, IGTs and CDSP</p>
	<p>Low Impact: None</p>

Contents		 Any questions?
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2 Impacts and Costs	4	 enquiries@gasgovernance.co.uk
3 Terms of Reference	8	 0121 288 2107
4 Recommendation	9	Proposer: Guv Dosanjh, Cadent
About this document:		 Gurvinder.Dosanjh@cadentgas.com
This document is a Request, which will be presented by the Proposer to the panel on 21 October 2021.		 07773 151 572
The Panel will consider the Proposer's recommendation and agree whether this Request should be referred to a Workgroup for review.		Transporter: Guv Dosanjh, Cadent
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		Systems Provider: Xoserve
		 UKLink@xoserve.com
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1 Request

Why is the Request being made?

As part of the implementation of Project Nexus in June 2017, there were fundamental changes introduced to AQ processes.

With these changes now having been in place for 4 years, and following approval of Modification 0736S - *Clarificatory change to the AQ amendment process within TPD G2.3*, it seems timely to undertake a review of the wider AQ correction arrangements to ensure they are still fit for purpose and are working as intended and required by the industry.

The AQ corrections process was defined by Modification 0432 - *Project Nexus – Gas Demand Estimation, Allocation, Settlement and Reconciliation reform* and refined by Modification 0610 - *Project Nexus - Miscellaneous Requirements*. This process was intended to be for exceptions only and not designed to facilitate mass AQ correction changes.

The arrangements for AQ corrections are set out within Uniform Network Code (UNC) Transportation Principal Document (TPD) Section G.2.3 and detail the eligible causes (the 'reason codes') which allow the AQ to be changed. Currently there are four eligible causes which allow a Registered User to request an AQ change. These are detailed within TPD G.2.3.21 and G.2.3.22.

The use of the eligible causes to correct AQs has been subject to some scrutiny recently. Indeed, Modification 0736S, which clarifies within UNC the circumstances where certain AQ corrections can be made under reason code 3, was approved on 17 December 2020 and implemented on 14 January 2021. Whilst Modification 0736S addressed one particular area of the AQ correction process which required urgent action to amend, a full review of the wider AQ corrections process is now recommended.

It has been highlighted by the Central Data Service Provider (CDSP) that the main example of the AQ correction reason codes not being utilised as initially intended or stipulated in the UNC, is where the Registered User believes the AQ is not reflective of what the site is consuming and the only viable route to update the AQ is via an AQ correction.

The intention of this review is to assess the wider AQ correction process and understand whether the current arrangements meet the objectives for the setting of the Annual Quantity and identify and consider possible amendments that may be required to UNC.

It is worth noting that this UNC Request is separate to the work that the Xoserve AQ Taskforce have undertaken. The AQ Task Force was established to investigate and make recommendations on how to reduce AQ related issues; reduce the volume of AQ defects; identify root cause and successfully deliver on agreed improvements. The AQ Task Force tackled live defects by providing enduring fixes as well continued engagement with impacted customers on AQ positions and any financial adjustments required.

As detailed above, the AQ Task Force focuses on the functional defects causing AQ issues. However, this Request looks to focus on reviewing the current AQ corrections process and assessing whether it is still fit for purpose or if changes to the UNC are required.

Scope

The scope of the review should focus on the AQ corrections process outlined within TPD G2.3. This should include (but not be limited to):

- A full review of the AQ corrections process:
 - Visibility of the current AQ corrections processes
 - Assess the existing eligible causes (reason codes) set out within TPD G2.3.21 and G2.3.22 and whether these are still valid
 - Assess the validation currently set out within TPD G2.3 for each eligible cause
 - Assess whether there are further eligible causes that should be defined within TPD G2.3
 - Assess the backstop date which an AQ correction currently introduces for system AQ calculations (UK Link will not currently calculate a new AQ for 9 months after an AQ correction goes live, although further AQ Corrections can be submitted)
 - Clarify the role of the CDSP in validating AQ corrections
 - Assess the role of the Performance Assurance Committee (PAC) in monitoring and or potentially validating AQ corrections
 - Consider the need for remedies or resolution where there has been incorrect use of AQ corrections process.

Impacts & Costs

Should this Review identify any changes which need to be made to AQ correction processes, it would be expected that there will be impacts to central systems and associated costs to make these changes. These changes would be subject to a separate UNC Modification and/or Xoserve Change Proposal.

Recommendations

Panel is requested to put in place a review of the current AQ correction processes to ensure they remain fit for purpose since the arrangements were introduced as part of Project Nexus in June 2017.

Additional Information

n/a

2 Impacts and Costs

Consideration of Wider Industry Impacts

Possible wider industry impacts and costs of the output of the Request are highlighted below. However, until more detail is worked through, specific impacts cannot be identified. Those changes would be subject to a separate UNC Modification and/or Xoserve Change Proposal and would not be direct outcomes of this Review.

Impacts

Impact on Central Systems and Process	
Central System/Process	Potential impact – amendments to AQ correction processes are likely to be recommended by this review but impacts are dependent on proposed solutions
UK Link	<ul style="list-style-type: none"> • TBC
Operational Processes	<ul style="list-style-type: none"> • TBC

Impact on Users	
Area of Users' business	Potential impact – amendments to AQ correction processes are likely to be recommended by this review but impacts are dependent on proposed solutions
Administrative and operational	<ul style="list-style-type: none"> TBC - Changes to current AQ correction processes are expected
Development, capital and operating costs	<ul style="list-style-type: none"> TBC
Contractual risks	<ul style="list-style-type: none"> None
Legislative, regulatory and contractual obligations and relationships	<ul style="list-style-type: none"> TBC - Changes to UNC are expected to be proposed as a result of this review

Impact on Transporters	
Area of Transporters' business	Potential impact
System operation	<ul style="list-style-type: none"> None
Development, capital and operating costs	<ul style="list-style-type: none"> TBC
Recovery of costs	<ul style="list-style-type: none"> TBC - Changes to current AQ correction processes are expected which could impact recovery of costs
Price regulation	<ul style="list-style-type: none"> None
Contractual risks	<ul style="list-style-type: none"> None
Legislative, regulatory and contractual obligations and relationships	<ul style="list-style-type: none"> TBC - Changes to UNC are expected to be proposed as a result of this review
Standards of service	<ul style="list-style-type: none"> None

Impact on Code Administration	
Area of Code Administration	Potential impact
Modification Rules	<ul style="list-style-type: none"> None
UNC Committees	<ul style="list-style-type: none"> PAC could be impacted but this is dependent on the outcome of the Request.
General administration	<ul style="list-style-type: none"> None
DSC Committees	<ul style="list-style-type: none"> None

Impact on Code	
Code section	Potential impact
	<ul style="list-style-type: none"> TPD Section G (possibly)

Impact on UNC Related Documents and Other Referenced Documents	
Related Document	Potential impact
Network Entry Agreement (TPD I1.3)	<ul style="list-style-type: none"> None
General	Potential Impact
Legal Text Guidance Document	<ul style="list-style-type: none"> None
UNC Modification Proposals – Guidance for Proposers	<ul style="list-style-type: none"> None
Self Governance Guidance	<ul style="list-style-type: none"> None
TPD	Potential Impact
Network Code Operations Reporting Manual (TPD V12)	<ul style="list-style-type: none"> None
UNC Data Dictionary	<ul style="list-style-type: none"> None
AQ Validation Rules (TPD V12)	<ul style="list-style-type: none"> None
AUGE Framework Document	<ul style="list-style-type: none"> None
Customer Settlement Error Claims Process	<ul style="list-style-type: none"> None
Demand Estimation Methodology	<ul style="list-style-type: none"> None
Energy Balancing Credit Rules (TPD X2.1)	<ul style="list-style-type: none"> None
Energy Settlement Performance Assurance Regime	<ul style="list-style-type: none"> None
Guidelines for Sub-Deduct Arrangements (Prime and Sub-deduct Meter Points)	<ul style="list-style-type: none"> None
LDZ Shrinkage Adjustment Methodology	<ul style="list-style-type: none"> None
Performance Assurance Report Register	<ul style="list-style-type: none"> TBC - Amendments to AQ correction processes are likely to be recommended by this review but impacts are dependent on proposed solutions. This could involve new reports within the PARR
Shares Supply Meter Points Guide and Procedures	<ul style="list-style-type: none"> None
Shipper Communications in Incidents of CO Poisoning, Gas Fire/Explosions and Local Gas Supply Emergency	<ul style="list-style-type: none"> None
Standards of Service Query Management Operational Guidelines	<ul style="list-style-type: none"> None
Network Code Validation Rules	<ul style="list-style-type: none"> None

Impact on UNC Related Documents and Other Referenced Documents	
OAD	No Impact
Measurement Error Notification Guidelines (TPD V12)	<ul style="list-style-type: none"> None
EID	No Impact
Moffat Designated Arrangements	<ul style="list-style-type: none"> None
	<ul style="list-style-type: none"> None
IGTAD	No Impact
	<ul style="list-style-type: none"> None
DSC / CDSP	Potential Impact
Change Management Procedures	<ul style="list-style-type: none"> None
Contract Management Procedures	<ul style="list-style-type: none"> None
Credit Policy	<ul style="list-style-type: none"> None
Credit Rules	<ul style="list-style-type: none"> None
UK Link Manual	<ul style="list-style-type: none"> TBC - As amendments to AQ correction processes are likely to be recommended by this review, changes to the UK Link Manual are possible but the exact impacts and scale of impact is dependent on the solutions proposes.

Impact on Core Industry Documents and other documents	
Document	No impact
Safety Case or other document under Gas Safety (Management) Regulations	<ul style="list-style-type: none"> None
Gas Transporter Licence	<ul style="list-style-type: none"> None

Other Impacts	
Item impacted	Potential impact
Security of Supply	<ul style="list-style-type: none"> None
Operation of the Total System	<ul style="list-style-type: none"> None
Industry fragmentation	<ul style="list-style-type: none"> None

Terminal operators, consumers, connected system operators, suppliers, producers and other non code parties	• TBC
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3 Terms of Reference

Background

As part of the implementation of Project Nexus in June 2017, there were fundamental changes introduced to AQ processes.

With these changes now having been in place for 4 years, and following approval and implementation of Modification 0736S, it is timely to undertake a review of the AQ correction arrangements to ensure they are still fit for purpose and are working as intended and required by the industry.

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The intention of this review is to assess the AQ correction process, plus any other processes which could be contributing to an increase in the use of AQ corrections and understand whether the current arrangements meet the objectives for the setting of the Annual Quantity and identify and consider possible amendments that are required to UNC.

Topics for Discussion

- Understanding the existing AQ correction processes, the valid eligible causes and whether these meet the objectives of the UNC
- Assessment of options to achieve the objectives of the UNC in terms of the AQ corrections process
- Development of high-level solution options (including business rules if appropriate)
- Assessment of potential impacts of the Request
- Assessment of high-level implementation costs of any solution identified during the Request

Outputs

Produce a Workgroup Report for submission to the Modification Panel, containing the assessment and recommendations of the Workgroup.

Composition of Workgroup

The Workgroup is open to any party that wishes to attend or participate.

A Workgroup meeting will be quorate provided at least two Transporter and two User representatives are present.

Meeting Arrangements

Meetings will be administered by the Joint Office and conducted in accordance with the Code Administration Code of Practice.

4 Recommendations

Proposer's Recommendation to Panel

The Proposer invites the Panel to:

- DETERMINE that Request 0783 progress to Workgroup for review for 6 months.