

UNC Modification

At what stage is this document in the process?

# UNC 0609:

## Transitional arrangements for gas settlement and replacement of Meter Readings (Project Nexus transitional modification)

- 01 Modification
- 02 Workgroup Report
- 03 Draft Modification Report
- 04 Final Modification Report

**Purpose of Modification:**

This modification identifies arrangements relating to Supply Point classification, energy settlement & reconciliation and replacement of Meter Readings to enable an orderly and efficient transition from current UNC terms to the UNC regime identified within UNC Modification 0432, 'Project Nexus – Gas Demand Estimation, Allocation, Settlement and Reconciliation reform' and Modification 0434, 'Project Nexus – Retrospective Adjustment'.

	<p>The Proposer recommends that this modification should be:</p> <ul style="list-style-type: none"> <li>• assessed by a Workgroup</li> </ul>
	<p>High Impact: Large Transporters and Shipper Users</p>

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**Deleted:** This modification will be presented by the Proposer to the Panel on 19<sup>th</sup> January 2017. The Panel will consider the Proposer's recommendation and determine the appropriate route.

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Timetable	
<b>The Proposer recommends the following timetable:</b>	
Initial consideration by Workgroup	26 January 2017
<u>Amended Modification considered by Workgroup</u>	<u>10 March 2017</u>
Workgroup Report presented to Panel	16 March 2017
Draft Modification Report issued for consultation	16 March 2017
Consultation Close-out for representations	06 April 2017
Final Modification Report available for Panel	10 April 2017
Modification Panel decision	20 April 2017

 Any questions?

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## 1 Summary

### What

The prevailing UNC transition provisions for Project Nexus are based on a PNID of 01 October 2016. This modification is required to address the impacts of the new PNID of 01 June 2017 and to clarify the transitional rules regarding the treatment of AQ and rules relating to 'Unidentified Gas – Allocation Factors'.

The modification is also required to ensure that transitional terms exist for replacement of meter readings (as introduced under UNC Modifications 0432 'Project Nexus – Gas Demand Estimation, Allocation, Settlement and Reconciliation reform' and 0434, 'Project Nexus – Retrospective Adjustment').

### Why

This modification is necessary to ensure that the Code is accurate with respect to PNID and to ensure that the rules for replacement of meter readings are clear to all parties.

### How

It is necessary to amend the terms identified within the UNC governing arrangements for implementation of Project Nexus. This is to reflect the PNID of 1st June 2017.

The UNC Transition Document is proposed to be updated to provide rules to enable implementation of replacement of Meter Readings.

## 2 Governance

### Justification for Self-Governance

This Modification ~~Panel determined this modification should not be~~ self-governance as, if implemented, it ~~may~~ have a material effect on relevant commercial activities as set out in the Uniform Network Code (UNC). This is because the changes are either associated with the realignment of terms already implemented or include clarification of treatment of relevant activities in the transitional period leading to Project Nexus implementation.

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### Requested Next Steps

This modification should:

- ~~be~~ assessed by a Workgroup

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### 3 Why Change?

UNC Modification 0528V 'Implementation of Supply Point Administration, gas allocation and settlement arrangements (Project Nexus transitional modification) was approved by Ofgem with an implementation date of 11 February 2016. It identified arrangements relating to Supply Point classification, energy settlement & reconciliation and other 'core' provisions to enable an orderly and efficient transition from current UNC arrangements to the UNC regime identified within UNC Modification 0432 - Project Nexus – Gas Demand Estimation, Allocation, Settlement and Reconciliation reform. The relevant business rules which informed the drafting of 0528V were documented within baseline Version 2.0 of the Transition Business Rules document produced by the Transporter Agency Xoserve; the Business Rules were predicated on a PNID of 1 October 2016.

As PNID has been deferred from 1 October 2016 to 1 June 2017, an updated Transition Rules document has been created and as a consequence the transition arrangements require updating within the UNC.

Additional changes are also required to take account of the PNID now occurring mid-year which has a consequential impact on UNC processes including the treatment of Annual Quantities (AQs) and to include those elements of UNC Modification 0529 (Implementation of Retrospective Adjustment arrangements (Project Nexus transitional modification)) relating to replacement of Meter Readings only. UNC Modification 0529 was not implemented as the Retrospective Adjustment of Address and Supply Point (RAASP) elements of Modification 0434 'Project Nexus – Retrospective Adjustment' now have a different implementation date presently (01 October 2017) to the 'core' Nexus elements (01 June 2017).

### 4 Code Specific Matters

#### Reference Documents

Transition Business Rules (BR) for Project Nexus' v3

#### Knowledge/Skills

Specific Project Nexus knowledge and involvement in development of the regime would be useful.

### 5 Solution

Modification of the UNC is required as follows:

- Realigning relevant dates originally identified within Modification 0528 to reflect the new PNID
- Clarification of the rules relating to 'Unidentified Gas – Allocation Factors' as documented in UNC Modification 0473 (Project Nexus – Allocation of Unidentified Gas) to be implemented at PNID
  - Table of interim Allocation Factors
- Transitional changes to the Ratchet Process
  - Where the quantity of gas offtaken between 27<sup>th</sup> May 2017 and 31<sup>st</sup> May 2017 inclusive exceeds the Registered DM Supply Point Capacity
    - The enduring Supply Point Capacity will not be increased
    - A Supply Point Ratchet Charge will not be applied

- Transitional rule concerning Supply Point Withdrawals that have yet to be effective which shall need to be resubmitted following Project Nexus Implementation Date.
- Clarification of the transitional rules regarding treatment of AQ
  - Reflecting that a 'full' AQ 'review process' will not be taking place
  - Clarification of 'Appeal' dates
  - Clarification of Formula Year Annual Quantity

**Additional changes are required to incorporate Modification 0565 (Central Data Service Provider: General framework and obligations) implications**

- The inclusion of the CDSP as a consequence of the Funding, Governance and Ownership (FGO) review of Xoserve changes

**Replacement of Meter Reading only:**

- A Shipper User is able to replace a Meter Reading in accordance with the terms under UNC Modification 0434 (Project Nexus – Retrospective Adjustment) for an adjustment period prior to the PNID
- Where appropriate the relevant invoice adjustment would be processed as follows:
  - For Larger Supply Points (LSPs) subject to validation of the request there would be a financial adjustment.
  - For Smaller Supply Points (SSPs) there would be no financial adjustment made with respect of any period prior to the Project Nexus Implementation Date
- No invoice adjustments will be processed for any period prior to the Code Cut Off Date

## 6 Impacts & Other Considerations

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

This modification is essential to the implementation of the UK Link Replacement programme (which incorporates the changes required for 'Project Nexus').

### Pre Project Nexus Implementation

The changes will affect the UK Link Replacement programme prior to implementation. This is because it is necessary to determine for the purposes how relevant data (including AQ, Meter Readings, etc) concerned with energy allocation, settlement and reconciliation is to be processed.

### Project Nexus Implementation

This modification contains transitional terms required to enable an orderly and efficient transition from current UNC terms to the UNC regime identified within UNC Modification 0432, 'Project Nexus – Gas Demand Estimation, Allocation, Settlement and Reconciliation reform' and Modification 0434, 'Project Nexus – Retrospective Adjustment'.

## Post Project Nexus Implementation

This modification contains transitional terms and the obligations, which will expire over time.

### Consumer Impacts

None identified.

### Cross Code Impacts

None identified.

### EU Code Impacts

None identified.

### Central Systems Impacts

This Modification is required to support implementation of the UK Link Replacement programme (which incorporates the changes required for Project Nexus).

User Pays	
Classification of the modification as User Pays, or not, and the justification for such classification.	Costs arising from the UK Link replacement and including enhancements to the existing UNC regime have been considered when price controls were set and funding provided. On this basis, no User Pays service would be created or amended by implementation of this modification and it is not, therefore, classified as a User Pays modification.
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.	Not applicable
Proposed charge(s) for application of User Pays charges to Shippers.	Not applicable
Proposed charge for inclusion in the Agency Charging Statement (ACS) – to be completed upon receipt of a cost estimate from Xoserve.	Not applicable

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## 7 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.	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.	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

This modification is required to provide clear rules and guidance to Transporters and Shipper Users on the treatment of data existing and provided under the UNC before and during implementation of UK-Link Replacement (including Project Nexus). The measures identified can be expected to facilitate relevant objective f) 'Promotion of efficiency in the implementation and administration of the Code.

The consequences of failure to implement this modification are that there would be a detrimental effect on competition through inaccurate cost targeting on Shipper Users, which in turn would have an adverse financial effect on consumers. This modification therefore also facilitates relevant objective d) Securing of effective competition between Shipper Users.

## 8 Implementation

No implementation timescales are proposed. However, this modification could be implemented immediately upon direction and it would be desirable if this modification were implemented by no later than the end of April 2017 to add certainty to the transition process.

## 9 Legal Text

### Text Commentary

To be provided

### Text

To be provided

## 10 Recommendations

### Proposer's Recommendation to Workgroup

Workgroup is asked to:

- ~~assess the modification and agree it is suitable to be issued to consultation,~~

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