Section G: Change Management Committee (ChMC) Change Pack Summary

# Communication Detail

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| Comm Reference: | 2346.8 – ER – DA |
| Comm Title: | XRN4871 - Modification 0665 – Changes to Ratchet Regime – Part A Detailed Design Change Pack |
| Comm Date: | 14/06/2019 |

**Change Representation**

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| Action Required: | For review |
| Close Out Date: | 28/06/2019 |

# Change Detail

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| Xoserve Reference Number:  | XRN4871 - Modification 0665 – Changes to Ratchet Regime – Part A Detailed Design Change Pack |
| Change Class: | Functional Change |
| ChMC Constituency Impacted: | Shipper Users |
| Change Owner:  | David AddisonDavid.Addison@xoserve.com0121 623 2752 / Mobile 07428559800 |
| Background and Context: | Modification 0665 – ‘Changes to Ratchet Regime’ has been raised and seeks to amend the current Ratchet Charging Arrangement and it allows Transporters to designate Supply Points (Network Designated sites) that should, in addition to existing mandatory Class 1 Supply Points, be subject to existing Ratchet Charges. Class 2 Supply Meter Points will be subject to a lesser Ratchet Charge.Change Proposal XRN4871 has been raised to deliver the system requirements set out within this modification. Due to the proposed timescales and the requirement to implement the changes by the start of the 2019 Ratchet period (October), the delivery of the change has been split in two. Part A is the minimum scope Xoserve must implement by 1st October 2019 in order to comply with Modification 0665 and Part B is the enduring solution proposed for June 2020 release. For reference, attached is the initial Change Pack issued (inclusive of industry responses) which details our proposed approach for this change:  The Initial Change Pack and responses can be [**found here**](https://www.xoserve.com/media/4386/xrn4871-modificaition-0665-initial-review-rm.pdf)Please note that no changes implemented within Part A will be repeated with the implementation of Part B. Part B will be the enduring solution and replace any manual workarounds implemented within Part A. Following the receipt of approval for the proposed solution of Part A at the June ChMC, this Change Pack seeks industry approval of the detailed change design for implementation within Minor Release Drop 5.  |

# Change Impact Assessment Dashboard (UK Link)

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| Functional: | Supply Point Administration and Invoicing |
| Non-Functional: | N/A |
| Application: | SAP ISU |
| User: | Shipper, Transporters |
| Documentation: | N/A |
| Other: | N/A |

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| --- |
| Files |
| File | Parent Record | Record | Data Attribute | Hierarchy or FormatAgreed |
| N/A | N/A | N/A | N/A | N/A |

# Change Design Description

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| Modification 0665 – Changes to Ratchet Regime seeks to amend the current Ratchet Charging Methodology to create a two tier Charging Regime. It introduces a new Ratchet Charging Arrangement for Class 2 Supply Meter Points and retains the existing Ratchet Charging Arrangement but applies that only to Class 1 Supply Meter Points , It requires Transporters to identify Supply Points that should, in addition to mandatory Class 1 Supply Points, be subject to the existing Ratchet Charging Arrangement and therefore need to be reclassified as Class 1 by the Registered User.  The existing charge will continue to be applied to mandatory Class 1 Supply Meter Points and also to Supply Meter Points that the Transporters designate ‘as subject to the Class 1 Ratchet Charging Arrangements’ where ‘safeguards around accurate capacity declarations’ are necessary. This ‘Class 1 Ratchet Regime’ reflects the existing charging arrangements in terms of composition of the Ratchet Charges and the Ratchet Multiplier remains as is. A lesser charge will be applied to Class 2 Supply Meter Points and where the Transporters do not consider that these safeguards are necessary. The composition of the Class 2 Ratchet Charge is different and has a lower Ratchet Multiplier.For the full modification details please go to the Joint Office link: <http://www.gasgovernance.co.uk/0665>This detailed design Change Pack stipulates how the process will work following the implementation of Part A which involves the following system changes: * SAP ISU: Network Designated Flag added within UK Link

*This will allow the CDSP to identify within the system the sites which the Transporters have assigned as Network Designated (ND) and which should be Class 1 and subject to the Class 1 Ratchet Charging Regime. Please note – within Part A, the ND flag will not be visible to Users.* * SPA Validation changes

*NOM, CNF and SPC to check the ND Flag whenever there is request for class change. If the MPRN has ND Flag marked; the Shipper will be obligated to move the site to Class 1 only. If requesting for any other class; request will be rejected with existing rejection code CLS00002 - Supply meter point should be Class 1. This is to allow Shippers (or CDSP) to move ND sites which could be Class 2, 3 or 4 into Class 1. Also preventing the ND sites being moved out of Class 1.* *Please note, our assessment is that these are central system changes only and should have no system impacts for Users. This assumption was ratified within the preliminary design and solution change packs however we are requesting Users to confirm this following the review of the detailed design change pack.* Alongside the above central system changes, the following manual processes require implementing: * Offline receipt of the designated sites selected by Transporters via email
* Offline method to notify Registered and Prospective Users (Shippers) of the designated sites within their portfolio. This will be done via email
* Offline process to notify the DMSP(s) of the designated sites (one email notification when the site is designated and one once the appeals window is closed).
* Manual production of the SPC file (forced Class Change) where the CDSP has to move designated sites into Class 1 where the User has failed to do so within the defined timings.
* Offline method to notify Registered and Prospective Users of their site being forced into Class 1 by the CDSP
* Offline receipt of an appeal being raised by Shipper and method to notify the Transporter of this. The Shippers and Transporters will interface through the CDSP. This will be done via email.
* Manual creation of the Class 2 Ratchet Charges. This will be done by removing the Class 2 Ratchet charges off the current invoices and calculate these offline using the new Class 2 Charging Regime and Request To Bill (RTB) invoice them.

Below details how we would expect the process to work:1. **Network Designated sites being set**
	1. Transporters notify
* For 2018/2019 Ratchet year, Transporters can designate sites on any day in the 6 month period commencing from the modification implementation. From 2019/2020 Ratchet year onwards, Transporters can designate sites from 01 June up until 20 business days before 01 October.
* Transporters will notify the CDSP of their designated sites via email using the attached template:

<https://www.xoserve.com/media/4387/template-class-1-sites-process-tpd-b-4-xrn4871.xlsx> * 1. **CDSP notify the Shipper User(s)**
		+ The CDSP will notify the Registered and Prospective Shipper User that their site has been Network Designated and confirm that the 20 business day window has started for the site(s) to be moved into Class 1.
		+ The notification will be sent via email to the Shipper Contract Manager
	2. **CDSP apply the designation flag**
1. Upon receipt of the template, the CDSP will apply the Network Designation flag within UK Link. **Please note – the Network Designation flag will be applied as soon as the change has been implemented within Minor Release Drop 5 [expected August 2019]**
2. Once the designation flag is applied, Users can submit an SPC to reclassify the site.
	1. **CDSP notify the DMSP**
		* Separate to any formal notification by Transporters to DMSPs to install Daily Read Equipment the CDSP shall provide progress notifications to the DMSPs
		* One notification will be issued upon initial receipt of designated sites from Transporters. The second notification will be issued confirming the site is designated and will be moving into Class 1, this is via an existing system notification – the GCC file which is sent on a Class Change via the CNF or SPC once the request has been accepted.
	2. **Appeals being raised**
3. Shipper Users must email the CDSP using the template provided (attached above), to appeal any Network Designated site.
4. This must be done within 20 business days of CDSP notification of the site being designated.
5. The template must be populated with a reason for the appeal.
6. Once received by the CDSP, this will be sent onto the Transporter for a response. The Transporter will confirm their decision via email to the CDSP who will advise the Shipper Contract Manager.
7. If the appeal is rejected, the Network Designated flag will remain and the Shipper will have 20 business days from this point to move the site to Class 1.
8. If the appeal is accepted, the Network Designated flag will be removed and no further action will be required.
	1. **Network Designated sites being reclassified**
9. Shippers are responsible for reclassifying the site to Class 1 once the Network Designation flag has been applied.
10. This can be done via the SPC - SUPPLY METER POINT AMENDMENT REQUEST file or through the reconfirmation process (NOM and CNF).
11. Please note that existing SPC functionality will prevail which means only one change is permitted within the file. Therefore if the SPC is used to reclassify the site, no other changes can be made within the file i.e. changes to DMSOQ or DMSHQ.
12. If a Class 2 site is reclassified to Class 1 via an SPC, the current loads should remain - any changes to the DMSOQ will result in a rejection.
13. If a Class 3 or 4 site is reclassified via the SPC, the DMSOQ should be based on the NDM SOQ and the SHQ will need to be assigned.
14. For Shippers who would like to revisit the current site loads when the site is reclassified, they should use the reconfirmation process.
15. We would like to remind Users that the capacity reduction window starts on 01 October and therefore if Users would like to assess their capacity at the same time as reclassifying a designated site, this would need to be done via the reconfirmation process with an effective date within the capacity reduction period. Where increase to capacity is requested this may result in referral and this should be factored in when shippers are nominating and confirming the sites.
16. If this reclassification does not occur, the CDSP will manually create the SPC - SUPPLY METER POINT AMENDMENT REQUEST file which will reclassify the site to Class 1. For NDM sites, Xoserve will utilise the NDMSOQ as the DMSOQ. CDSP will need to derive the SHQ. Normal SHQ range (i.e. where the site shall not refer specifically due to the SHQ), is between 4 and 15.9. The SHQ will be calculated by dividing the sites SOQ by a value to be agreed by the industry which will need to be a value within this range (4 to 15.9). **Users are requested to provide their views within the consultation response on what this value should be**.
17. Shippers will be notified of the reclassification through the SCR - SUPPLY METER POINT AMENDMENTS RESPONSE and the CDSP will also write to the Shipper Contract Manager and confirm this has occurred.

***Please note that for a reclassification of a site via the SPC file, it will take 5 business days from the point of file processing for the class change to take affect within UK Link systems.***1. Once the site has been reclassified and is within Class 1, the Network Designation flag will remain against the site and will prevent any further reclassifications to anything other than Class 1. The following rejection code will be used if a Shipper looks to reclassify a Network Designated site: CLS00002 - Supply meter point should be class 1.
	1. **Treatment of existing Offers and Confirmation**
		* If there is an inflight Confirmation on a site which subsequently gets Network Designated, the CDSP will let this resolve (accept, reject or expire) and following this start the notification process for the site to be reclassified to Class 1.

***Please note the CDSP will not cancel inflight Confirmations as part of this change.*** * + - If there is an inflight Offer on a site which subsequently gets Network Designated, the CDSP will not cancel this Offer, it will be left to expire or alternatively when the site is Confirmed, the Confirmation will be rejected with rejection code CLS00002 - Supply meter point should be class 1.
1. **Ratchet Charges**
	1. For Class 1 sites (including those that are Network Designated and have moved into Class 1), the current Ratchet charge will apply. This remains unchanged - the same rates and calculations will apply as currently within code (TPD Section G.4.7.7)
	2. For Class 2 sites, (including those Network Designated sites that have not moved into Class 1 yet), the new Ratchet charge will apply. This has a different rate and will include the ECN – Exit Capacity LDZ Charge which is not currently included within the Class 1 charge (new charge can be found within TPD Section G.4.7.8)

***Please note, as it was agreed that no file format changes would be incorporated within Part A delivery, the ECN charge will be incorporated within the ZCA – Customer Ratchet Charge. The ECN rate will therefore not be visible within the file format but included within the invoice charge.*** * 1. An offline spreadsheet will be used to calculate the Class 2 Ratchet charges.

***Please note that for Part A, there are no proposed amendments to the RAT or PRN files.***1. **Invoicing the Ratchet Charges**
	1. Currently the Ratchet charges are automatically generated within the UK Link system and populated on the Capacity Invoice (CAZ) and within the ZCS and CZI supporting files.
	2. For the new Class 2 charge, the CDSP will manually calculate the charge and raise it via a Request to Bill (RTB) as an INR Invoice which will be issued via the IX.

***Please note the charges will therefore not be included within the Capacity Invoice or within the ZCS and CZI files.**** 1. The supporting information for Class 2 Ratchet charges will be sent via email and based on a Ratchet Drilldown report the CDSP will use to calculate the Ratchet charges.
	2. For Part A, there are two options for the Class 1 Ratchet charges:
		+ Options 1 – Remain as is and continue to automatically generate the Class 1 charges and issue this within the Capacity Invoice. This will mean Shippers receive Class 1 and Class 2 Ratchet charges within separate invoices.
		+ Option 2 – Remove the Class 1 Ratchet charges from the Capacity Invoice and RTB the amount with the Class 2 charges so both Ratchet charges are within one invoice.

***Please note, for Part B, the Class 2 Ratchet charges will be generated from the system and included within the Capacity Invoice.*** 1. New Supply Meter Points
2. For new Supply Meter Points, Transporters have 30 business days after the Supply Point Registration Date to select the site as Network Designated and the notification process will commence.

Please note that Part A (detailed above) is the minimum scope to enable us to comply with Modification 0665. Part B which is proposed for June 2020 Release will look to implement the enduring solution for this change.  |

# Associated Changes

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| Associated Change(s) and Title(s): | Modification 0665 – Changes to Ratchet Regime |

# DSG

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| DSG discussion date: | 18/03/2019 |
| Any further information: | The options were discussed, and whilst it is acknowledged that this was done within the meeting and attendees were not afforded preparation time, the options presented were recognised as being pragmatic. DSG members agreed with the approach to issue an extraordinary Change Pack to solicit wider industry views on the proposed approach, noting a shortened response timescale. |

# Implementation

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| Target Release: | Minor Release Drop 5 [August 2019] |
| Status: | For Approval |

Please see the table below for representation comments template; responses to uklink@xoserve.com

Section H: Representation Response

H1: Change Representation

(To be completed by User and returned for response)

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| --- | --- | --- |
| User Contact Details: | Organisation: | Gazprom Energy |
| Name: | Alison Neild |
| Email: | alison.neild@gazprom-energy.com |
| Telephone: | 01618290039 |
| Representation Status: | In support of the PART A solution being implemented on 17/8/19. Preferred OptionsNormal SHQ range (i.e. where the site shall not refer specifically due to the SHQ), is between 4 and 15.9. The SHQ will be calculated by dividing the sites SOQ by a value to be agreed by the industry which will need to be a value within this range (4 to 15.9). Our preference is 4.Class 1 Ratchet charges. Our preference is Option 1 - Remain as is |
| Representation Publication: | Publish |
| Representation Comments: | Please can you provide clarity on the following points:(1) Please confirm we have understood the timelines for the notification correctly as follows (has been taken from combination of the MOD and CP) • Initial setting - 29th March 2019 (MOD approval) to 3rd September 2019.• Enduring New supply - 30 Business Days from Supply Point registration date• Enduring Existing supply (material consumption/capacity change) 1st June – 20 Business days before 1st October each year.(2) When will shippers start to receive notifications as per the initial settings above? Will this be in one go, by transporter, or drip fed as they are known.(3) In terms of the DMSP element to the process. Please can it be confirmed • How customer contact data will be gained to arrange any necessary site visits. • What if this cannot be achieved in 20 business days due to availability, kit installation timelines, customer refuses etc. Particularly if the site is currently class 4 and may not have daily read capability.• When does the DMSP start their process? Is this on receipt of the first notification or the second? As the second notification (being the SPC file) needs only a 5 working day window.(4) Please could you provide an indication of expected volume of sites that would need to be designated Class 1, which are currently Class 2, 3 or 4. Is there already a view of which sites these are? If so, some pre-preparation could begin now (5) Are IGT sites included?(6) Is there a cost incurred to the shipper if the class change is a forced re-classification?(7) Where a designated site is currently Class 3 and 4 will the ratchet charge 12 month soft landing still prevail?(8) Please confirm there is no change to the PRN/RAT files and process for Class 2 sites |
| Confirm Target Release Date? | Yes | «h1\_userDataAlternative» |

# H1: Xoserve’ s Response

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| Xoserve Response to Organisations Comments: | Thank you for your comments and support. We have taken note of your preference in terms of the invoicing option and the proposed value to calculate the SHQ. This will be discussed at ChMC in June. In terms of your outstanding queries, please see below the Xoserve reponses: (1) Please confirm we have understood the timelines for the notification correctly as follows (has been taken from combination of the MOD and CP) • Initial setting - 29th March 2019 (MOD approval) to 3rd September 2019.Our understanding of the modification legal text is that the Transporters will have 6 month's from the modification implementation date to designate any Class 2, 3 or 4 sites as network designated. • Enduring New supply - 30 Business Days from Supply Point registration dateYes, this is as per our understanding• Enduring Existing supply (material consumption/capacity change) 1st June – 20 Business days before 1st October each year.Yes, this is as per our understanding(2) When will shippers start to receive notifications as per the initial settings above? Will this be in one go, by transporter, or drip fed as they are known.Once Xoserve start to receive the sites which the Transporters have identified as network designated we will notify the the relevant Shipper Users. The template detailed within the Change Pack will be used to display the MPRNs which have been designated. This same template should be used by Shippers if any appeals wish to be raised. (3) In terms of the DMSP element to the process. Please can it be confirmed • How customer contact data will be gained to arrange any necessary site visits. This should be managed as per the normal process when a site changes to Class 1 between Shippers, DMSPs and Transporters.• What if this cannot be achieved in 20 business days due to availability, kit installation timelines, customer refuses etc. Particularly if the site is currently class 4 and may not have daily read capability.• When does the DMSP start their process? Is this on receipt of the first notification or the second? As the second notification (being the SPC file) needs only a 5 working day window.The CDSP notifications to the DMSP are seperate to the formal notification by Transporters to DMSPs to install Daily Read Equipment. The first notification detailed in the Change Pack is an early awareness and the second notification is as per current processes whereby the DMSP receives a file (GCC) when there is a site Class change. The DMSPs will start their processes following confirmation from the Transporters (as per current process). (4) Please could you provide an indication of expected volume of sites that would need to be designated Class 1, which are currently Class 2, 3 or 4. Is there already a view of which sites these are? If so, some pre-preparation could begin now As it is up to the Transporters to select sites within their network as designated, at this stage, Xoserve are unaware of the expected volumes. Once we receive visablity of the sites, we will notify the relevant Shipper Users. (5) Are IGT sites included?No, IGT sites are not included within this change. (6) Is there a cost incurred to the shipper if the class change is a forced re-classification?There is no individual cost incurred by Shippers where a forced re-classification occurs. The solution effort for the CDSP to manually re-classify a site via the SPC file was incorporated into the HLSO cost and will be delivered as part of the change. (7) Where a designated site is currently Class 3 and 4 will the ratchet charge 12 month soft landing still prevail?Yes this is correct, the 12 month soft landing will prevail for any Class 3 or 4 site which is network designated and moves into Class 1. (8) Please confirm there is no change to the PRN/RAT files and process for Class 2 sitesFor Part , there are no proposed amendments to the RAT or PRN files. |

Please send the completed representation response to uklink@xoserve.com

H1: Change Representation

(To be completed by User and returned for response)

|  |  |  |
| --- | --- | --- |
| User Contact Details: | Organisation: | Total Gas & Power |
| Name: | Louise Hellyer |
| Email: | louise.hellyer@totalgp.com |
| Telephone: | 01737275638 |
| Representation Status: | Support |
| Representation Publication: | Publish |
| Representation Comments: | As a ratio for SQH/SOQ we would suggest between 8 and 10 as a standard. Due to timeframes of processing we should be aware that there could be situations where the request to move to 1 could have rejected and timed out not allowing the shipper to try to resolve this. Some interaction and pragmatic considerations may at times be needed in that situation. Regarding invoices during part A , our preference would be to have all the invoices on one file (Option 2), for this the excel backing data would need to be inline with the I09 record file format.  |
| Confirm Target Release Date? | Yes | «h1\_userDataAlternative» |

# H1: Xoserve’ s Response

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| Xoserve Response to Organisations Comments: | Thank you for your comments and support. We have taken note of your preference in terms of the invoicing option and the proposed value to calculate the SHQ. This will be discussed at ChMC in June. In terms of your comment related to the different circumstances that could occur, we agree that consideration needs to be given in these cases and we intend to notify and communicate with the relevant Users as soon as possible. |

Please send the completed representation response to uklink@xoserve.com

H1: Change Representation

(To be completed by User and returned for response)

|  |  |  |
| --- | --- | --- |
| User Contact Details: | Organisation: | Wales & West Utilities |
| Name: | Richard Pomroy |
| Email: | Richard.Pomroy@wwutilities.co.uk |
| Telephone: | 07812973337 |
| Representation Status: | Publish |
| Representation Publication: | Publish |
| Representation Comments: | Regarding f Network Designated sites being reclassified 8 If this reclassification does not occur, the CDSP will manually create the SPC - SUPPLY METER POINT AMENDMENT REQUEST file which will reclassify the site to Class 1. For NDM sites, Xoserve will utilise the NDMSOQ as the DMSOQ. CDSP will need to derive the SHQ. Normal SHQ range (i.e. where the site shall not refer specifically due to the SHQ), is between 4 and 15.9. The SHQ will be calculated by dividing the sites SOQ by a value to be agreed by the industry which will need to be a value within this range (4 to 15.9). Users are requested to provide their views within the consultation response on what this value should be. WWU’s view is that the ratio between 4 and 15.9 for determining the SHQ should be set by the network on a case by case basis. This process would only be used in the case that the Shipper failed in its obligation to re-classify the Supply Meter Point as Class 1 so would only be need as an exception. It is very difficult to decide on a default for this as the characteristics of the load could vary tremendously. If the value is set at 4 then it would seem to provide an opportunity for a Class 1 site to ratchet and have the SOQ ratchet to 16x the SHQ which, notwithstanding the financial impact, rather negates the purpose of moving the site to Class 1 which only occurs because of the potential impact on the network were the site to exceed its SOQ. |
| Confirm Target Release Date? | Yes | «h1\_userDataAlternative» |

# H1: Xoserve’ s Response

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| Xoserve Response to Organisations Comments: | Thank you for your comments. We have taken note of your preference in terms of the invoicing option and the proposed method to calculate the SHQ. This will need to be discussed and finalised at ChMC in June. |

Please send the completed representation response to uklink@xoserve.com

H1: Change Representation

(To be completed by User and returned for response)

|  |  |  |
| --- | --- | --- |
| User Contact Details: | Organisation: | SSE |
| Name: | Megan Coventry |
| Email: | megan.coventry@sse.com |
| Telephone: | 02392277738 |
| Representation Status: | Support |
| Representation Publication: | Publish |
| Representation Comments: | No comments. |
| Confirm Target Release Date? | Yes | «h1\_userDataAlternative» |

# H1: Xoserve’ s Response

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| Xoserve Response to Organisations Comments: | Thank you. |

Please send the completed representation response to uklink@xoserve.com

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| --- | --- | --- |
| User Contact Details: | Organisation: | Northern Gas Networks |
| Name: | Helen Chandler |
| Email: | HChandler@Notherngas.co.uk |
| Telephone: | 07580 704 123 |
| Representation Status: | Publish |
| Representation Publication: | Publish |
| Representation Comments: | **Users to confirm there are no system impacts to them from introducing the Network Designation flag.**NGN has not identified any system changes required for the introduction of the Network Designation flag, however, we will need to introduce a new Network Designation process to identify suitable MPRNs and submit the required template to the CDSP.**What should the value be (from between 4 - 15.9) that is used to divide a site’s SOQ by in order to get its SHQ?**The determination of SHQ is site specific, so we do not believe it would be appropriate to assign a default value for this calculation. Engagement with the Network would be vital, especially for sites which have an existing Network Exit Agreement (NExA).**In the interim - should (Opt 1) C1 ratchet charges remain as they are (meaning 2 invoices issued) or (Opt 2) should they be removed from the capacity invoice and included with the C2 ratchet charges within an RTB request (both charges within 1 invoice)?**We believe that option 1 is the more appropriate option as the enduring solution (Part B) will have the Class 2 ratchet charges included within the Capacity Invoice. We see no benefit in changing the existing mechanism for the Class 1 ratchet charges if it is only to return to the original process in the future. Confirm Target |
| Confirm Target Release Date? | Yes | «h1\_userDataAlternative» |

# H1: Xoserve’ s Response

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| Xoserve Response to Organisations Comments: | Thank you for your comments; we’ll ensure they are considered at Change Management Committee in July |