



Joint Office of Gas Transporters  
[Enquiries@gasgovernance.co.uk](mailto:Enquiries@gasgovernance.co.uk)

3 November 2017

Dear Joint Office,

**Re: UNC Modification Proposal 0634U - Revised estimation process  
for DM sites with D-7 zero consumption**

Thank you for the opportunity to provide representation on the above noted Modification Proposal. Please find below NGN's comments in respect of this Modification.

**NGN has provided comments only for this Modification proposal.**

**Reasons for Support/Opposition:**

NGN has concerns about the solution contained in this modification, and while we understand the issue and agree in principle with the sentiment of obtaining accurate data in a timely manner, we feel that the solution needs to be set out more specifically in the modification. It is possible that this will be done in the legal text; however, as this is yet to be provided, we are unable to confirm this is the case.

We feel that the following clarifications would lend to a stronger sense of support for the modification:

1. Confirmation about what happens with Class 2 sites. If this is meant to be an enduring arrangement they may also need to have rules associated with the same D-7 issues for estimates.
2. The wording around Xoserve's actions are very subjective and as a result this leaves processes open to interpretation and implies that Xoserve are able to make decisions or have knowledge about the site that they will not have. We believe any decision processes must be clear and decisive in order to build an efficient delivery mechanism.

Xoserve do not have a direct relationship with these sites to be able to make subjective decisions about whether a zero estimate is reflective of actual consumption. The original file flow may, with significant manual investigation be a



source of information, but there is no other means by which Xoserve could make an assessment of suitability of the estimate.

3. We are aware that the AQ is not currently used in most DM/Class 1 processes other than a trigger for inclusion in Class 1, and this may also be inaccurate. As a result, using AQ/365 would only provide a reasonable estimate if it is accurate.

We are also concerned about the volume of work Xoserve would incur if this is approved as an enduring arrangement, particularly with it being a manual process involving the reference of DLC files and new consumption calculations. We feel that this would be better suited as a transitional arrangement. The time taken to undertake the manual processes are not yet clearly identified and we believe that this may make it difficult to ensure that heavily manual processes can be completed in time for the D+5 close out.

#### **Self-Governance Statement:**

*Do you agree with the Modification Panel's decision that this should be a self-governance modification?*

We agree that this modification does not meet the self-governance criteria due to the material impact it may have on settlement calculations, although we understand that there are very few sites that would currently need to utilise this process.

#### **Relevant Objectives:**

*How would implementation of this modification impact the relevant objectives?*

As this proposal aims to improve the accuracy of settlement, we agree that it may further Relevant Objective d) the Securing of Effective Competition between Shippers.

#### **Impact and costs:**

*What analysis, development and ongoing costs would you face if this modification were implemented?*

NGN does not foresee any additional costs or impacts to our business.

#### **Implementation:**

*What lead-time would you wish to see prior to this modification being implemented, and why?*

We agree that this modification should be implemented as soon as reasonably practicable following Authority Consent subject to clarification of detailed business rules to ensure that subjectivity and interpretation issues are resolved and a suitable delivery mechanism can be built.

#### **Legal Text:**

*Are you satisfied that the legal text will deliver the intent of the modification?*

NGN cannot offer commentary regarding the Legal Text as it has not yet been provided.

#### **Errors or Omissions in the Modification Report:**

These are reflected in our comments above.

**Any additional comments:**

N/A

I hope these comments will be of assistance and please contact me should you require any further information in respect of this response.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Shanna Key', with a stylized, cursive script.

Shanna Key  
Industry Codes Officer