

UNC Modification

At what stage is this document in the process?

UNC 0606S:

National Grid Gas plc and National Grid Gas Distribution Limited transitional invoicing arrangement post Project Nexus implementation

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

Purpose of Modification:

To provide for a transitional arrangement for the invoicing of certain Transportation Charges by National Grid Gas plc and National Grid Gas Distribution Limited following implementation of Project Nexus.

	<p>The Proposer recommends that this modification should be:</p> <ul style="list-style-type: none"> • <u>This modification has been assessed by a Workgroup and the proposer recommends it is issued to consultation.</u>
	<p>High Impact: None</p>
	<p>Medium Impact: None</p>
	<p>Low Impact: National Grid Gas plc, National Grid Gas Distribution Limited and Shipper Users.</p>

Deleted: <#>subject to self-governance [1]

Deleted: will be presented by the Proposer to the Panel on 15th December 2016. The Panel will consider the Proposer's recommendation and determine the appropriate route

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Timetable		
The Proposer recommends the following timetable:		commercial.enquiries@xoserve.com
Initial consideration by Workgroup	06 January 2017	
Amended Modification considered by Workgroup	23 February 2017	
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	07 April 2017	
Modification Panel decision	20 April 2017	

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1 Summary

What

Following the Project Nexus Implementation Date (PNID) on 01 June 2017, it will not be possible for National Grid Gas Distribution Limited (NGGDL) and National Grid Gas plc (NGG) to issue invoices in respect of certain Transportation Charges.

Why

NGGDL and NGG have been advised by the Transporter Agency, Xoserve that changes to the post Project Nexus UK Link system to permit separate billing of certain Transportation Charges by each of NGG and NGGDL cannot be implemented without giving rise to unacceptable risk to the Project Nexus implementation programme and the PNID.

How

UNC transitional terms are proposed that would permit a process to be implemented whereby NGGDL is able to issue certain invoice types which contain Transportation Charges relating to the NTS and NGGDL's Distribution Networks. NGGDL would then issue an ancillary invoice to credit the NTS related Transportation Charges and then NGG would issue its own ancillary invoice in respect of the NTS related Transportation Charges. This would mean Shipper Users would receive, for a limited period, three invoices for certain Transportation Charges relating to the NTS. All other invoice types would be outside the scope of these arrangements and would be invoiced in the normal way.

2 Governance

Justification for Self-Governance

~~The Modification Panel determined that this modification should be subject to~~ Self-governance procedures on the basis that the necessary changes would have no material impact on the commercial activities of Shipper Users, Gas Transporters or Gas Consumers. This is because existing invoicing functionality would be used thereby involving a limited requirement for change having an impact on Shipper Users. There would be no impact on Transporters or Gas Consumers.

There would also be no discriminatory effect on any UNC party.

Requested Next Steps

This modification should:

- ~~issued to consultation.~~

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3 Why Change?

National Grid's distribution networks were successfully transferred from NGG to NGGDL on 01 October 2016 under a process called 'hive-across'.

Since 01 October 2016 the UNC recognises NGG as the owner and operator of the NTS only, and NGGDL as the owner and operator of the Distribution Networks.

Transportation Charge invoicing rules are set out in the UNC Transportation Principal Document (TPD) Section S. The relevant rules identify the types of invoices and types of charges that can appear on each type of invoice issued by a Transporter.

Xoserve has advised that they are unable to develop and implement fully separated transportation invoicing arrangements in the Project Nexus System ahead of PNID without this adversely affecting and presenting unacceptable risk to the Project Nexus Implementation programme and the PNID. NGGDL and NGG both agree with Xoserve's assessment of the situation.

Consequently, it is necessary to implement transitional arrangements, which are identified in Section 5 of this Modification Proposal. These arrangements are proposed to come into effect on PNID and continue until the Project Nexus System is updated to reflect the separate ownership of the relevant Distribution Networks and the NTS. This will happen in the earliest suitable release of the new UK Link System. This is expected to be determined by the Data Services Contract (DSC) Change Management Committee to be established under the proposed Xoserve Funding, Governance and Ownership arrangements (FGO) and to which UNC Modification 0565/A/B refers.

If this Modification is not made it would not be possible for NGG and NGGDL to issue separate Transportation Charge invoices for certain invoice types through the Project Nexus System with effect from PNID.

4 Code Specific Matters

Reference Documents

No reference documents are necessary or relevant.

Knowledge/Skills

No specific knowledge or skills are necessary to assess this Modification.

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5 Solution

Modification of the UNC Transition Document (TD) with respect to Transportation Principal Document (TPD) Section S is required as follows:

Invoice 1

NGGD will be permitted to issue certain Invoice Types which include Transportation Charges relating to the NTS and NGGD's Distribution Networks.

- Relevant Transportation Charge Invoices will be issued to Shipper Users in the name of NGGD. The relevant invoice types are:
 - LDZ Commodity (Exit/CSEPS/Unique Sites)
 - Amendments (Transportation/Energy)

Invoice 2

NGGD will issue an Ancillary Invoice which reverses the NTS Transportation Charges included in Invoice 1.

Invoice 3

NGG will issue an Ancillary Invoice which includes the NTS Transportation Charges included in Invoice 1.

- Shipper Users will pay to NGGD the net amount under Invoices 1 and 2.
- Shipper Users will pay to NGG the amount under Invoice 3.
- Invoices 1, 2 and 3 will be submitted to the User on the same date, and have the same invoice due date.
- The transitional arrangements are required to be in place from PNID until the earliest suitable release of the updated Project Nexus System, to be determined by the DSC Change Management Committee.

Unless all the Transmission re-billing invoices are issued on the same date, none of the invoices will be valid and NGGD/NGG will need to re-issue all invoices on the same date in order for Shippers to be required to pay the Transportation Charges and for the invoice amounts to be included in the VAR.

Please note that Shipper Transportation Credit positions are maintained whole because of this routine and no action would be required by Shipper Users.

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6 Impacts & Other Considerations

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

There is no impact on the Switching Significant Code Review, or on any other 'in-flight' industry programme including Project Nexus.

Consumer Impacts

There is no impact on consumers on the basis that the Modification is solely associated with the format of Transportation invoices issued to Shipper Users.

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Cross Code Impacts

No other industry codes are affected.

EU Code Impacts

There is no impact on any EU Code.

Central Systems Impacts

There is no impact on any central systems.

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

This Modification facilitates GT Licence relevant objective f) *Promotion of efficiency in the implementation and administration of the Code* by providing absolute clarity in the UNC regarding the manner in which NGG and NGGDL will issue Transportation Invoices to Shipper Users in the period following PNID.

Because of the limitations on changes to the new UK Link system in the time ahead of PNID, the UNC needs to be amended to ensure that it reflects the reality of the processes in operation at any time. Introducing the transitional terms described in this modification ensures that the Code is accurate.

8 Implementation

As self-governance procedures are proposed, implementation could be sixteen business days after a Modification Panel decision to implement, subject to no Appeal being raised. However, this Modification should be implemented on the PNID.

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9 Legal Text

Text Commentary

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Text

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10 Recommendations

Proposer's Recommendation to Panel

Panel is asked to:

- Issue to consultation.
- .

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