









UNC Modification	At what stage is this document in the process?
<div>UNC 0876:</div> <div>Updates to the Annual Quantity (AQ) amendment process</div>	<div><div>01Modification</div><div>02Workgroup Report</div><div>03Draft Modification Report</div><div>04Final Modification Report</div></div>
<div><b>Purpose of Modification:</b></div> <div>This Modification proposes to make updates to the AQ amendment process within TPD G 2.3. Specifically adding clarity around the use of “eligible cause” G2.3.21 (b) (change in Consumer Plant), as well as ensuring a process for managing instances of misuse across all “eligible causes” where identified.</div>	
<div><b>Next Steps:</b></div> <div>The Proposer recommends that this Modification should be:</div> <div><div>• subject to Self-Governance</div><div>• assessed by a Workgroup</div></div> <div>This Modification will be presented by the Proposer to the Panel on 16 May 2024. The Panel will consider the Proposer’s recommendation and determine the appropriate route.</div>	
<div><b>Impacted Parties:</b></div> <div>Medium: Shippers, Distribution Network Operators, CDSP</div>	
<div><b>Impacted Codes:</b></div> <div>UNC and IGT UNC</div>	

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Timetable		 0121 288 2107
<b>Modification timetable:</b>		Proposer: Steve Mulinganie SEFE Energy
Pre-Modification Discussed	25 April 2024	 <a href="mailto:enquiries@gasgovernance.co.uk">enquiries@gasgovernance.co.uk</a>
Date Modification Raised	dd May 2024	 <a href="mailto:Steve.mulinganie@sefe-energy.com">Steve.mulinganie@sefe-energy.com</a>
New Modification to be considered by Panel	16 May 2024	 07990 972568
First Workgroup Meeting	23 May 2024	Transporter: Tracey Saunders Northern Gas Networks
Workgroup Report to be presented to Panel	21 November 2024	 <a href="mailto:trsaunders@northerngas.co.uk">trsaunders@northerngas.co.uk</a>
Draft Modification Report issued for consultation	22 November 2024	 07580 215743
Consultation Close-out for representations	13 December 2024	Systems Provider: Xoserve
Final Modification Report available for Panel	18 December 2024	 <a href="mailto:UKLink@xoserve.com">UKLink@xoserve.com</a>
Modification Panel decision	16 January 2025	

# 1 Summary

## What

At present, the Uniform Network Code (UNC) allows for the amendment of a Supply Point Annual Quantity (AQ) to be changed where the most recently calculated AQ does not reflect the expected consumption of gas. Currently there are “eligible causes” set out within UNC TPD G, known as ‘reason codes’ which can be used to amend the Supply Point AQ.

One of these “eligible causes” (known as ‘reason code 2’) is: *‘the installation, replacement or removal of Consumer’s Plant which results in a material change in the basis on which gas is consumed’* as defined in UNC TPD G2.3.21(b). To confirm, the Oxford Dictionary definition of plant and machinery states it is equipment required to operate a business.

This Modification seeks to provide additional clarity regarding the use of ‘reason code 2’ and makes it explicit what is required in order to utilise this ‘eligible cause’.

This Modification also seeks to extend the exceptions process that can currently be used for “eligible cause” known as ‘reason code 3’: *‘the commencement of a new business activity or discontinuance of an existing business activity at the consumer’s premises’* as defined in TPD G2.3.21(c).

This Modification is seeking to make sure that if the conditions to submit the “eligible cause” were not satisfied, it should be deemed to have not applied. This is to ensure the ability to ‘reinstate’ the AQ to the value pre the AQ amendment going live, where the “eligible cause” utilised to change the AQ has been identified as not meeting the required conditions.

Finally, this Modification seeks to consider the suitability of an existing condition to submit a Valid Meter Reading when utilising an “eligible cause”.

## Why

There has been a notable increase in the usage of the “eligible cause” known as ‘reason code 2’: *‘the installation, replacement or removal of Consumer’s Plant which results in a material change in the basis on which gas is consumed’*, used to amend a Supply Point AQ.

In some of these instances, it has become clear that ‘reason code 2’ has been used beyond the present criteria / intention specified in the UNC for this “eligible cause”. As a result, this Modification has been raised to provide additional clarity to the criteria of ‘reason code 2’, making it explicit when this “eligible cause” can be utilised and what criteria must be met in order to utilise it.

Currently in instances where an “eligible cause” has been submitted and the AQ is updated, if it is subsequently identified that the relevant “eligible cause” was misused the CDSP has the facility to reinstate the previous AQ for changes made under Reason Code 3, and not for any of the other “eligible causes”. Extending this to all “eligible causes” allows a route, where it has been identified that the “eligible cause” has been misused.

It is believed that making these changes provides the explicit clarity on the use of ‘reason code 2’, with the intention of reducing potential misuse, as well as having a process to address any misuse if subsequently identified.

## How

Changes to TPD Section G 2.3 will be required to provide additional clarity on a specific “eligible cause” (known as ‘reason code 2’): *‘the installation, replacement or removal of Consumer’s Plant which results in a material change in the basis on which gas is consumed’* (TPD G 2.3.21(b)).

In addition, the Modification seeks to amend and extend existing text at TPD G2.3.31 so that it applies to all “eligible causes”, to allow the AQ pre-amendment to be ‘reinstated’ where it has been identified that the criteria has not been satisfied.

## 2 Governance

### Justification for Self-Governance

The Modification is suitable for Self-Governance as it is unlikely to have a material effect on “competition in the shipping, transportation or supply of gas conveyed through pipes or any commercial activities connected with the shipping, transportation or supply of gas conveyed through pipes”, due to simply updating existing AQ correction processes.

### Requested Next Steps

This Modification should:

- be considered a non-material change and subject to Self-Governance.
- be assessed by a Workgroup.

## 3 Why Change?

There has been a notable increase in the usage of the “eligible cause” known as ‘reason code 2’: *‘the installation, replacement or removal of Consumer’s Plant which results in a material change in the basis on which gas is consumed’*, used to amend a Supply Point AQ. This has been noted by PAC.

In some of these instances, it has become clear that ‘reason code 2’ has been used beyond the present criteria / intention specified in the UNC for this “eligible cause”. As a result, this Modification has been raised to provide additional clarity to the criteria of ‘reason code 2’, making it explicit when this “eligible cause” can be utilised and what criteria must be met in order to utilise it.

Currently in instances where an “eligible cause” has been submitted and the AQ is updated, if it is subsequently identified that the relevant “eligible cause” was misused, the CDSP has the facility to reinstate the previous AQ for changes under Reason Code 3, and not for any other “eligible cause”. Extending this to all “eligible causes” allows a route where it has been identified that the “eligible cause” has been misused.

It is believed that making these changes provides the explicit clarity on the use of ‘reason code 2’, with the intention of reducing potential misuse, as well as having a process to address any misuse if subsequently identified.

## 4 Code Specific Matters

### Reference Documents

[Uniform Network Code - Transportation Principal Document - Section G - Supply Points - 2.3.21](#)

### Knowledge/Skills

AQ Amendment process.

## 5 Solution

### Business Rules:

**For the avoidance of doubt:** All Business rules are proposed to apply from the implementation date of this Modification, as a result, the AQ amendment from the point of implementation forward will be subject to this change.

**BR1:** A change is required to UNC TPD G2.3.21 “eligible cause” (b), *‘the installation, replacement or removal of Consumer’s Plant which results in a material change in the basis on which gas is consumed’*, to provide clarity on the definition of the term ‘Consumer’s Plant’.

BR1a: To confirm, the use of ‘eligible cause’ G2.3.21 (b) should be utilised when there has been a **physical** change to the equipment needed to run / operate **a business**.

- This reason code should not be utilised for SMPs which are vacant and are not consuming.

BR1b: In order to utilise this “eligible cause to update AQ, the Supply Meter Point (SMP) will be required to meet the following criteria:

- [It must have an ‘I’ (Industrial and Commercial) value for the Market Sector Code (MSC) as held in UK Link **and**;
- It must have an AQ above 73,200 kWh **or**;
- The requested **new** AQ must be above 73,200 kWh
- The requested **new** AQ must be within 50% of the current value]
- The Shipper must warrant and provide confirmation that there has been a change in Consumer Plant at the SMP which has impacted usage and [maintain] the required evidence to support this produce it on request.

The CDSP will validate that the required criteria for the “eligible cause” is met upon submission. Where the criteria has not been satisfied, the request will be rejected (as per business as usual process.)

**For the avoidance of doubt:** SMPs with MSC ‘D’ (domestic), that do not meet the AQ requirement and who have not warranted the change in Consumer’s Plant, would not be able to utilise this “eligible cause”.

**For the avoidance of doubt:** BR1 is only intended to apply to reason code 2 and this change is not to affect or amend any existing changes for the AQ process currently in place or due to be delivered.

**BR2:** An update is required to the existing UNC clause TPD G 2.3.31 to enable it to be utilised for all “eligible causes”. Currently TPD G 2.3.31 confirms that if an AQ change was submitted utilising “eligible cause” G 2.3.21 (c) and it was subsequently determined the criteria were not satisfied, it shall be deemed to have not applied. This clause should be extended to all “eligible causes” so, in a situation where an “eligible cause” has been submitted, if it is subsequently deemed to have not been submitted in good faith and considered misuse of the “eligible cause”, it shall be deemed to have not applied.

**BR3:** In terms of [investigating and identifying] misuse of an “eligible cause” in order for it be deemed to have not applied (as per BR2), this is expected to be undertaken by the Performance Assurance Committee (PAC) and aligns with their functions as stated within UNC TPD V 16.4.

**For the avoidance of doubt:** PAC are able to utilise whichever Performance Assurance Techniques (PATs) as specified in UNC TPD V 16.4 and the Performance Assurance Framework Document (PAFD) they deem necessary/suitable to investigate and identify misuse.

**BR4:** Where it is determined (as per BR3), that an AQ amendment which has gone live is the result of a misused ‘eligible cause’, the AQ amendment shall be deemed to not have applied and any avoided costs will be recovered by the CDSP.

**BR4a:** As soon as reasonably practical following confirmation from PAC, the CDSP will have the authorisation to reinstate the AQ value [including FYAQ where applicable for the appropriate Classes].

**BR4b:** During the period whereby the AQ has been updated under an erroneous / misused AQ amendment and up until the point the CDSP has reinstated the previous AQ value, any avoided Capacity Transportation Charges will be recovered. There will be an adjustment in the Capacity Transportation Charges following the amendment of the FYAQ which would have applied over this period if the misused AQ amendment had not gone live.

**BR4c:** If during the period above, there is a Change of Shipper (CoS) event, the adjustment period should be from the misused AQ amendment go live date, until the CoS event date.

**BR4d:** As well as the adjustment in the Transportation Charges, the User found to have misused the process will be subject to CDSP administrative costs for reinstating the AQ and undertaking the charge adjustment.

**For the avoidance of doubt:** The avoided costs will be recovered from the Shipper who has been deemed to have incorrectly utilised reason codes to amend the AQ. For costs recovered due to transportation etc these costs will be redirected back to the appropriate parties.

**BR5:** A change to existing clause TPD G 2.3.4 (b)(i) to make it optional to provide a Valid Meter Reading when submitting an “eligible cause”.

**N.B** At present Code currently suggests a Valid Meter Reading is submitted with an AQ amendment but the value of this is not clear, therefore it is suggesting it is optional. An update to this section of Code will make the criteria clear.

## 6 Impacts & Other Considerations

### Consumer Impacts

The inclusion of an exceptions process will ensure that the utilisation of AQ amendments meet the criteria set out within the eligible cause as per UNC TPD G. Whilst this does not directly impact consumers, this may have further downstream effects to consumers, ensuring that they are billed more accurately.

### What is the current consumer experience and what would the new consumer experience be?

#### Impact of the change on Consumer Benefit Areas:

Area	Identified impact
Improved safety and reliability	None
Lower bills than would otherwise be the case	None
Reduced environmental damage	None

Improved quality of service	None
Benefits for society as a whole	None

## Performance Assurance Considerations

As this Modification proposes to make changes to the AQ amendment process which allows changes (increases or decreases) to Supply Point AQs, this could have impacts on Settlement. The impacts are expected to be positive as the Modification provides additional clarity on when and how “eligible cause” reason code 2 can be utilised. Plus, it allows a process to manage instances of misuse of any “eligible cause” and ensures the pre-amended AQ is ‘reinstated’ which is believed to improve Settlement accuracy.

There is an existing Performance Assurance Report Register (PARR) report (2A.8 and 2B.8) which provides an overview of the effectiveness of the AQ amendment process. At a high-level, this report provides a breakdown per Shipper of the volume of AQ amendments (corrections) submitted per “eligible cause” (reason code).

As there are currently no proposals to add additional “eligible causes”, changes are not expected to be required to the existing PARR report. However, there may need to be additional information required to consider instances of misuse and where the pre-amended AQ has been ‘reinstated’.

Additionally, consideration around how misuse can be identified is required.

It is anticipated that Performance Assurance Committee (PAC) will make the assessment based on the finalised Modification solution regarding any additional reporting requirements to monitor this process and impact on Settlement.

## Cross-Code Impacts

No cross-code impacts identified as the IGT UNC points to the UNC for this part of the Code.

To confirm, the AQ amendment process currently applies to both DNO and IGT sites alike. This means the Shippers can currently utilise the current “eligible causes” for DNO and IGT sites.

Based on the above, although it is not believed that the IGT UNC requires updating as a result of this Modification, the updates made to the AQ amendments process will apply to IGT sites as well as DNO sites.

## EU Code Impacts

None identified.

## Central Systems Impacts

Central system impacts are expected as a result of this Modification. The additional clarity for “eligible cause” known as ‘reason Code 2’ is anticipated to require a system change to the existing validation applied. Possible system and process impacts are also expected to consider and accommodate instances of misuse, where the CDSP will “reinstate” the previously revised AQ and Formula Year AQ and undertake an adjustment.

The impact of the Modification solution on central systems and processes will need to be assessed once the Business Rules have been finalised.

## 7 Relevant Objectives

### Impact of the Modification on the Transporters' Relevant Objectives:

Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	None
b) Coordinated, efficient and economic operation of <ul style="list-style-type: none"> <li>(i) the combined pipe-line system, and/ or</li> <li>(ii) the pipe-line system of one or more other relevant gas transporters.</li> </ul>	None
c) Efficient discharge of the licensee's obligations.	None
d) Securing of effective competition: <ul style="list-style-type: none"> <li>(i) between relevant shippers;</li> <li>(ii) between relevant suppliers; and/or</li> <li>(iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers.</li> </ul>	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

The Modification furthers Relevant Objectives (d) and (f) as follows:

#### **d) The Modification furthers relevant objective**

Securing of effective competition as it ensures that all Users who utilise AQ amendment processes uniformly as it will remove the ambiguity that may be interpreted within Code.

#### **f) Promotion of efficiency in the implementation and administration of the Code**

As it will allow users to utilise the appropriate reason code in order to adjust an AQ to be more reflective of the usage at the SMP.

## 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.

Depending on the finalised Modification solution, if a system delivery is required, implementation should align with the relevant central system delivery.



**9 Legal Text**

**Text Commentary**

TBC.

**Text**

TBC.

**10 Recommendations**

**Proposer’s Recommendation to Panel**

Panel is asked to refer this proposal to a Workgroup for assessment.