

Les Jenkins
Joint Office

Email: industrycodes@ofgem.gov.uk

Date: 10 May 2017

Dear Les

UNC618: Extension of Invoicing Contingency Arrangements in case of Project Nexus defect

We have received a request that modification proposal UNC618: '*Extension of Invoicing Contingency Arrangements in case of Project Nexus defect*' follows the urgent modification procedures.¹

Background

Current UNC rules² provide that in the event of a Code Contingency³ (i.e. something which prevent or affects UK Link or other UNC communications), Gas Transporters (GTs) may issue invoices containing estimated invoice amounts. However, the GT is precluded from doing this for consecutive billing periods except with the agreement of the relevant shipper(s).

The current UK Link systems are nearing replacement as part of Project Nexus, which is scheduled to be implemented 1 June 2017. As a mitigation against invoicing issues occurring because of the transition to new systems, UNC618 proposes to allow estimated invoices to be issued for consecutive billing periods without the need agreement of all UNC users (i.e. Gas Shippers). However, this proposal is limited to the issuance of Local Distribution Zone (LDZ) Capacity invoices and does not extend to National Transmission System (NTS) invoices or other Distribution Network Operator (DNO) invoices.

The proposer notes that a similar modification proposal⁴ has recently been progressed through the Independent Gas Transporters UNC (IGT UNC) with an urgent timetable, and that a substantively similar rationale applies to seeking urgency on UNC618.

Our decision

In coming to our decision, we have assessed the request for urgency against our published guidance.⁵ We have considered in particular whether it is linked to "*an imminent issue or*

¹ Modification proposal IGT097 can be found on the IGT UNC website at:

www.igt-unc.co.uk/Modifications/Open+Modifications/igt097

² [UNC Section S 1.9](#)

³ As defined in UNC General Terms Section D 'CDSP and UK Link'.

⁴ IGT097: Provisions for allowing consecutive estimated invoicing in the event of System Failure by the CDSP

⁵ See: www.ofgem.gov.uk/system/files/docs/2016/02/urgency_criteria.pdf

current issue that if not urgently addressed may cause a significant commercial impact on parties”.

We acknowledge that the implementation of new IT systems on 1 June 2017 represent a significant change to both Shippers and GT operations. All parties have been engaged in thorough testing as part of Project Nexus, which completed to a sufficiently satisfactory level for the programme to substantively exit the Market Trials regression-testing phase on 24 March 2017. Therefore, whilst we have no reason at this stage to believe that any invoicing issues will be encountered, we acknowledge that parties have some residual concerns and that this area in particular could have significant commercial implications if issues do arise.

We are therefore satisfied that it is appropriate for this proposal to follow an urgent timetable, as follows:

Process	Date
Ofgem decision on urgency	10 May 2017
Proposal issued for consultation	10 May 2017
Consultation closes	15 May 2017
Draft modification report ready for panel	16 May 2017
Modification panel recommendation	18 May 2017
Authority decision requested by	26 May 2017
Implementation (if applicable)	1 June 2017

For the avoidance of doubt, our decision on urgency should not be taken as an indication of our views on the merits of UNC618. The Authority will make a decision on UNC618 in due course and in accordance with the appropriate process after taking into account all relevant considerations.

Yours sincerely

Rob Salter-Church,
Partner, Consumers and Competition

Signed on behalf of the Authority and authorised for that purpose