









UNC Workgroup Report	At what stage is this document in the process?
<div>UNC 0874S:</div> <div>Amendments to UNC to align with Gas Demand Forecasting Methodology</div>	<div><div>01Modification</div><div>02Workgroup Report</div><div>03Draft Modification Report</div><div>04Final Modification Report</div></div>
<div>Purpose of Modification:</div> <div>To update and align the Uniform Network Code (UNC) with National Gas Transmission’s (NGT) methodology for forecasting gas demand.</div>	
<div>Next Steps:</div> <div>The Workgroup recommends that this Modification should be subject to Self-Governance</div> <div>The Workgroup asks Panel to agree that this Self-Governance Modification should proceed to consultation.</div> <div>The Panel will consider this Workgroup Report on 18 July 2024. The Panel will consider the recommendations and determine the appropriate next steps.</div>	
<div>Impacted Parties:</div> <div>Low: Shippers, suppliers, independent gas transporters, distribution network operators</div>	
<div>Impacted Codes:</div> <div>UNC</div>	

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Timetable		 0121 288 2107
Modification timetable:		Proposer: Conor McClarin National Gas Transmission
Pre-Modification Discussed	04 April 2024	 enquiries@gasgovernance.co.uk
Date Modification Raised	05 April 2024	 conor.mcclarin@nationalgas.com
New Modification to be considered by Panel	18 April 2024	 07549 214469
First Workgroup Meeting	02 May 2024	Transporter: National Gas Transmission
Workgroup Report to be presented to Panel	18 July 2024	 conor.mcclarin@nationalgas.com
Draft Modification Report issued for consultation	19 July 2024	 07549 214469
Consultation Close-out for representations	08 August 2024	Systems Provider: Xoserve
Final Modification Report available for Panel	13 August 2024	 UKLink@xoserve.com
Modification Panel decision	19 September 2024	

1 Summary

What

In 2023, a third-party consultancy was hired by NGT and National Grid ESO to review the Gas Demand Forecasting Methodology (GDFM) and TD76. During the course of its work, the consultancy identified a number of inconsistencies within the forecasting documents, how forecasting is undertaken and how forecasting is described within the UNC.

TD76 is an old methodology document that contains numerous out-of-date references. The remaining relevant areas of TD76 will be consumed into GDFM further to future consultation. Additionally, references are made within the UNC to the Ten-Year Statement which is now known as the Long-Term Development Statement.

The changes that are proposed to gas demand forecasting, as well as the inconsistencies that have been identified by the third-party consultancy in both terminology and the process for forecasting, have highlighted that the UNC needs to be updated.

Any changes to the GDFM and TD76 will be subject to separate consultation and Ofgem approval. This Modification seeks only to remove inaccuracies within the UNC, clarify process and terms and ensure the Code is ready for the future merger of the two documents.

Why

Current processes and terminology for gas demand forecasting are not accurately described within the UNC. This Modification seeks to align the current process and practice with what is written within the UNC. Additionally, further updates to the GDFM mean that UNC will continue to be out of alignment with the methodology for long-term forecasting and our transportation licence.

This Modification is intended to ensure that UNC is accurate. Without undertaking this Modification, the UNC will continue to contain incorrect and out-of-date references and terminology and will not be ready for the proposed changes to how NGT describes its demand forecasting.

How

To ensure the UNC accurately reflects the gas forecasting methodology and the licence obligations that NGT faces, it requires a series of minor updates. These updates will remove incorrect or legacy references, and terminology and ensure the Code reflects process and practise as occurs and as will occur within gas demand forecasting.

The sections of the UNC that have been identified as requiring an update are:

- OAD H
- OAD N
- TPD O
- GTC
- OAD J
- TPD A
- TPD B
- TPD F
- TPD L
- TPD Y
- TDIIC

2 Governance

Justification for Self-Governance

There will be no material impact from implementing this Modification on either the process or consumers. This Modification seeks only to ensure that the Code is accurate and contains the most up-to-date terminology, practice, and language.

Requested Next Steps

This Modification should be considered a non-material change and subject to Self-Governance.

Workgroup's Assessment

Workgroup Participants agreed that the proposed changes are non-material and that this Modification should be subject to Self-Governance.

3 Why Change?

Following a review of NGT's forecasting methodology by a third-party consultancy, it was proposed that a number of changes to the methodology were required. These include merging TD76, a legacy document, with the GDFM and improving GDFM to contain more detail. At the same time, it was also discovered that a number of inconsistencies are present within the UNC, including inaccurate information or where the UNC is not aligned with the Licence.

This Modification proposes to update the following four sections of the Code: TPD O, OAD H, OAD N GTC, OAD J, TPD A, TPD B, TPD F, TPD L, TPD Y and TDIIC. These sections contain outdated terminology or feature processes or practices that do not currently occur or are inconsistent with our licence. Some of these changes will also ensure the Code remains accurate as NGT makes further changes to its forecasting methodology.

Some sections of the UNC still make references to the gas demand methodology being "the British Gas document", highlighting the age of the references and the need for updates.

Some of these changes will be proactive, rather than reactive, to ensure the Code contains up-to-date information. NGT plans to publish its updated GDFM ahead of the next Future Energy Scenarios (FES), and these changes will ensure the Code accurately reflects the information that will be present in our GDFM moving forward.

In the coming months, NGT will begin consulting upon the changes to the methodology. The changes proposed as part of this Modification are required to ensure that the proposed GDFM has the correct UNC and Licence references. However, these changes are not material, they are only minor corrections of terms and references and will not impact the consultation.

By not making this change, the Code will continue to contain incorrect information and, upon updating of the methodology, will contain an even greater number of incorrect terms, references, and processes.

4 Code Specific Matters

Reference Documents

[OAD H](#)

[OAD N](#)

[TPD O](#)

[GTC](#)

[OAD J](#)

[TPD A](#)

[TPD B](#)

[TPD F](#)

[TPD L](#)

[TPD Y](#)

[TDIIC](#)

[Gas Transporter Licence Special Conditions](#)

[TD76](#)

[Gas Demand Forecasting Methodology](#)

Knowledge/Skills

None.

5 Solution

Following a review by the third-party consultancy who were directed to review our forecasting methodology and an internal review, NGT has identified the sections within the UNC that require updates.

These are:

- OAD H
- OAD N
- TPD O
- GTC
- OAD J
- TPD A
- TPD B
- TPD F
- TPD L
- TPD Y
- TDIIC

The proposed changes to these documents are minor, and only seek to correct terms, terminology, references, and in some cases, amendments or removal of processes or practices that are either now irrelevant or are not correctly aligned.

6 Impacts & Other Considerations

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

None.

Consumer Impacts

None. This Modification is only updating the language within the Code.

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

None.

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

None, this is not relevant to the purpose of this Modification.

Cross-Code Impacts

None

EU Code Impacts

None

Central Systems Impacts

None, this is not relevant to the purpose of this Modification.

Rough Order of Magnitude (ROM) Assessment

No changes to systems proposed so ROM not applicable.

Initial Representations

None Received.

Panel Questions

None

Workgroup Impact Assessment

A Workgroup Participant queried whether corresponding changes would be required in respect of Distribution forecasting. The Proposer responded that this Modification does not in itself impact on Distribution demand forecasting and does not need to do so. Any future changes to the Demand Forecasting Methodology will be done in consultation with Ofgem and subject to consultation that would include GDNs.

Workgroup Participants reviewed the proposed changes to the legal text in a side-by-side comparison and agreed that the changes appeared to be minor and non-controversial.

Reference Documents

This Proposal only updates cross-references to other documents as detailed in the Solution.

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 (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

Relevant objective f) “Promotion of efficiency in the implementation and administration of the Code” is furthered through this Modification by the updating of the language, terminology and references used within the Code in relation to gas demand forecasting, to be aligned with the Licence.

Workgroup Assessment of Relevant Objectives

Workgroup Participants agreed that it is appropriate to ensure that reference within the UNC are correctly aligned with the documents that support its operation.

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.

9 Legal Text

Legal Text has been provided and is published alongside this report.

Workgroup Assessment

At the June meeting Workgroup Participants reviewed two versions of the proposed Legal Text. The basic version (updated since May) had been slightly expanded to capture all references in UNC to GDFM. These additions were accepted as within the spirit of the Solution previously accepted.

An Alternative Legal Text version was highlighted in the event that the NESO ISOP is implemented before the text for this Modification. The reason for the clarification is that both proposals update some common cross-references in UNC.

Workgroup participants, mindful of this potential, are satisfied that the proposed drafting in both versions meets the intent of the Solution.

Text Commentary

35 minor corrections to text are required across OAD sections H & N, TPD section O and GTC to reflect the proposed changes by merging TD76 and GDFM and to remove inaccuracies and inconsistencies within the UNC. These amends are split out as below:

- **OAD H** – 14 proposed changes to text
- **OAD N** – 1 proposed change to text
- **TPD O** – 22 proposed changes to text
- **GTC** – 3 proposed changes to text
- **OAD J** – 2 proposed changes to text
- **TPD A** – 2 proposed changes to text
- **TPD B** – 1 proposed change to text
- **TPD F** – 1 proposed change to text
- **TPD L** – 1 proposed change to text
- **TPD Y** – 2 proposed changes to text
- **TDIIC** – 2 proposed changes to text

The proposed legal text has been provided in **Appendix 1**.

An alternative text has been provided to accommodate the possibility that the NESO ISOP changes are implemented first, to account for the overlap in amendments to UNC text. In this alternative, any text highlighted grey will have already been amended by the other change and will no longer be updated as part of this Modification. This second version has been provided in **Appendix 2**.

10 Recommendations

Workgroup's Recommendation to Panel

The Workgroup asks Panel to agree that this Self-Governance Modification should proceed to consultation.

11 Appendices

The legal text and an alternative to accommodate implementation of the NESO ISOP before this Modification are published alongside this report at <https://www.gasgovernance.co.uk/0874>

12 Appended Representations

Initial Representations – None