














UNC Modification	At what stage is this document in the process?
<h1>UNC 0689:</h1> <h2>Removing the requirement to support Invoice queries before the due date with information from the .AML file</h2>	<div> <div>01 Modification</div> <div>02 Workgroup Report</div> <div>03 Draft Modification Report</div> <div>04 Final Modification Report</div> </div>
<p>Purpose of Modification:</p> <p>The purpose of this Modification is to allow Shippers to provide alternative supporting data when querying invoices from the CDSP.</p>	
	<p>The Proposer recommends that this Modification should be:</p> <ul style="list-style-type: none"> considered a material change and not subject to self-governance proceed to a workgroup <p>This Modification will be presented by the Proposer to the Panel on 18 April 2019. The Panel will consider the Proposer's recommendation and determine the appropriate route.</p>
	<p>High Impact:</p> <p>Shippers, Transporter's Agent</p>
	<p>Medium Impact:</p> <p>Transporters</p>
	<p>Low Impact:</p> <p>None</p>

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Timetable			Systems Provider: Xoserve
The Proposer recommends the following timetable:			 UKLink@xoserve.com
Initial consideration by Workgroup	25 April 2019		Other: Gareth Evans
Workgroup Report presented to Panel	15 August 2019		 gareth@waterswye.co.uk
Draft Modification Report issued for consultation	15 August 2019		 telephone
Consultation Close-out for representations	06 September 2019		07500 964447
Final Modification Report available for Panel	09 September 2019		
Modification Panel decision	19 September 2019		

1 Summary

What

Currently, the only proscribed mechanism for challenging an invoice issued under UNC TPD Section S prior to the invoices due date without incurring a penalty is that any challenge must be based on the supplied backing data provided by Xoserve contained in the accompanying .AML file. This creates a de facto arrangement of “Pay first – dispute later” whereby Shippers are required to pay incorrect invoices that they do not have adequate means of validating unless they are prepared to pay interest on any dispute.

Why

The backing data from the .AML file must be used to challenge any invoice before the payment due date. Currently the .AML file output is of insufficient quality to allow Shipper Users to effectively validate invoices or challenge an invoice if they deem it to be incorrect. This has led to an ongoing situation where Shipper Users have no viable mechanism to reconcile any transaction made to Xoserve and nor do Shipper Users have the right under Code to withhold payment without incurring interest for invoices that they deem to be incorrect, even though their own and other data demonstrates that the invoice is incorrect.

How

This Modification, if implemented, will modify UNC Section S of the Transportation Principal Document (TPD). Currently, the relevant text under Section S 4.2 states that in order to query an invoice prior to its due date, the following pieces of information need to be specified:

- Type, date and number of the invoice,
- The Invoice Item to which the Invoice Query relates,
- An explanation of the basis on which the Invoice Query arises, and the amount of the Invoice Amount which is subject to the Invoice Query - this must be identified by reference to the particular item of supporting data in respect of which the Invoice Query arises, on the basis of the level of greatest detail of such supporting data provided for in the UK Link Manual, to the extent that such data was provided by the Transporter (in this case, meaning the .AML file).

The solution that is proposed is that the requirement to use referenced supporting data from the .AML file is removed as a requisite for querying an invoice prior to the due date. It is also proposed that this requirement is replaced with an obligation that Shipper Users provide backing data to support the invoice query to allow suitable determination of the true situation. Should, following resolution of the invoice query, it become apparent that the Shipper User is liable for an interest payment but has provided supporting data from sources other than the .AML file then that interest is not payable.

2 Governance

Justification for Authority Direction

At present Shippers are unable to challenge invoices they receive, even if they know that they are incorrect from their own information, without incurring significant interest costs, potentially running into tens or even hundreds of thousands of pounds for each invoice. This has a significant impact on the both the operating costs for shippers, the risk to shippers from inaccurate billing and reduces the accuracy of cost targeting. If not addressed, this issue will continue to have a negative impact on the market.

It is requested that Authority decision is required as the financial materiality of this Modification is significant.

Requested Next Steps

This Modification should:

- be considered a material change and not subject to self-governance
- proceed to workgroup.

3 Why Change?

Under paragraph 4.2 of UNC TPD Section S, a challenge to an invoice issued to a Shipper User that is not yet due must reference the supplied backing data provided by Xoserve contained in the accompanying .AML file. Since Nexus implementation, the backing data has been consistently of insufficient quality to allow adequate validation of invoices by Shipper Users. This has led to an ongoing situation where Shipper Users have no viable mechanism to reconcile any transaction made to Xoserve in advance of making payment. Should Shipper Users withhold payment for invoices that they deem to be incorrect without the supporting evidence in the .AML file it would result in that Shipper User incurring a financial penalty.

The proposer considers that this is a matter that cannot be resolved without a Modification due to the prolonged failure to resolve the ongoing issues that prevent the .AML file from allowing invoice validation. Therefore, it is reasonable that an alternative solution through a change to the UNC should be considered.

4 Code Specific Matters

Reference Documents

[Section S of the Transportation Principal Document \(TPD\)](#)

<https://www.gasgovernance.co.uk/TPD>

Knowledge/Skills

No specific skills or knowledge are required.

5 Solution

This Modification proposes that UNC TPD Section S is modified. Specifically, it is proposed that the text under paragraph 4.2 of is changed so that states that in order to query an invoice prior to its due date, the following pieces of information need to be specified:

- Type, date and number of the invoice,
- The Invoice Item to which the Invoice Query relates,
- An explanation of the basis on which the Invoice Query arises, and the amount of the Invoice Amount which is subject to the Invoice Query - this should be backing data sourced by the Shipper User if sufficiently adequate data from the .AML file data is not available.

Furthermore, should, following resolution of the invoice query, it become apparent that the Shipper User is liable for an interest payment but has provided supporting data from sources other than the .AML file then that interest is not payable.

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

There should be no direct impacts on consumers should this Modification be implemented.

Cross Code Impacts

None

EU Code Impacts

None

Central Systems Impacts

It is not anticipated that there will be any impact to central systems but this will need to be confirmed by CDSP.

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.	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.	None
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	None

Regulators.	
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Removing the obligation to support all queries to invoices prior to the due date with information from the .AML file, allows Shipper Users to use reference data they should already have to challenge invoices to ensure they pay an accurate amount, reflective of their system and energy use. As some Shipper Users will have a greater ability to query invoices then this clearly has a beneficial impact to competition as this will lead to more accurate cost allocations and management of cash flow.

8 Implementation

Although no implementation date is proposed, it is noted that no system changes are anticipated and therefore implementation could be soon after Authority Direction to implement.

9 Legal Text

Text Commentary

Legal text is to be provided.

10 Recommendations

Proposer's Recommendation to Panel

Panel is asked to:

- Agree that Authority Direction should apply
- Refer this proposal to a Workgroup for assessment.