





| UNC Final Modification Report | | At what stage is this document in the process? |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|
| <h1>UNC 0641S:</h1> <h2>Amendments to Modification 0431 - Shipper/Transporter - Meter Point Portfolio Reconciliation rules and obligations</h2> | | <div>01 Modification</div> <div>02 Workgroup Report</div> <div>03 Draft Modification Report</div> <div>04 Final Modification Report</div> |
| Purpose of Modification: This Proposal seeks to amend the rules to extend the portfolio reconciliation notice period as and when an Industry reconciliation exercise is deemed necessary. | | |
|  | The Panel determined that this self-governance modification be implemented. | |
|  | High Impact: None | |
|  | Medium Impact: None | |
|  | Low Impact: Shippers, Suppliers, Transporters and CDSP | |

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| Timetable | | | | | | | | | | | | | | | |
| <p>Modification timetable:</p> <table> <tr> <td>Initial consideration by Workgroup</td> <td>05 January 2018</td> </tr> <tr> <td>Amended Modification considered by Workgroup</td> <td>22 March 2018</td> </tr> <tr> <td>Workgroup Report presented to Panel</td> <td>19 April 2018</td> </tr> <tr> <td>Draft Modification Report issued for consultation</td> <td>19 April 2018</td> </tr> <tr> <td>Consultation Close-out for representations</td> <td>11 May 2018</td> </tr> <tr> <td>Final Modification Report available for Panel</td> <td>14 May 2018</td> </tr> <tr> <td>Modification Panel decision</td> <td>17 May 2018</td> </tr> </table> | | Initial consideration by Workgroup | 05 January 2018 | Amended Modification considered by Workgroup | 22 March 2018 | Workgroup Report presented to Panel | 19 April 2018 | Draft Modification Report issued for consultation | 19 April 2018 | Consultation Close-out for representations | 11 May 2018 | Final Modification Report available for Panel | 14 May 2018 | Modification Panel decision | 17 May 2018 |
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| Modification Panel decision | 17 May 2018 | | | | | | | | | | | | | | |


Any questions?

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1 Summary

What

Given the volume of work required by shippers/suppliers to respond to a notice to undertake a meter point portfolio reconciliation, the current notice period of 20 Business Days, introduced by Modification Proposal 0431 is too short.

Why

Shippers and their relevant suppliers require and should benefit from a longer notice period, enabling them to make appropriate arrangements to ensure there is adequate budget, resourcing and training to undertake the reconciliation exercise successfully.

How

The reconciliation exercise notice period is to be extended from 20 Business Days to a minimum of 60 Business Days.

2 Governance

Justification for Self-Governance, Authority Direction or Urgency

Panel determined that this modification is unlikely to have a material effect on any party, therefore the change can proceed under the self-governance arrangements.

Modification 0641S will therefore follow self-governance procedures.

Requested Next Steps

This modification should:

- be considered a non-material change and subject to self-governance
- issued to consultation.

The Workgroup agrees with Panels view on Self-Governance and that this modification is sufficiently developed to proceed to consultation.

3 Why Change?

In 2014, during the development of Modification 0431, British Gas raised concerns with the 20 day notice period being too short. Some consider the success of the reconciliation exercise will be based on individual parties' preparedness and believe 20 days notice is insufficient for parties to request additional budget, obtain approval, acquire the additional resource and for IS teams to activate and re-test the portfolio query tool.

4 Code Specific Matters

Reference Documents

This proposal builds on the proposals implemented in Modification 0431.

<https://www.gasgovernance.co.uk/0431>

This proposal references the new FGO arrangements that brought into effect the CDSP and amended many Code obligations – Modification 0565A.

<https://www.gasgovernance.co.uk/0565>

5 Solution

This Proposal seeks to amend Section G 2.12.4 to give the User a minimum of 60 Business Days notice prior to the Portfolio Date relating to which the User must provide its Supply Portfolio.

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

| Consumer Impact Assessment | |
|-------------------------------------------------------|----------------------------------------|
| Criteria | Extent of Impact |
| Which Consumer groups are affected? | No direct consumer impacts identified. |
| What costs or benefits will pass through to them? | None identified. |
| When will these costs/benefits impact upon consumers? | None identified. |
| Are there any other Consumer Impacts? | None identified. |

Cross Code Impacts

This Modification seeks to introduce the Code requirement for iGT supply points to be included within the portfolio reconciliation exercise. References iGT103 - Inclusion of reference within iGT UNC to UNC TPD Section G paragraph 2.12 – 2.14 inclusive - Meter Point Portfolio Reconciliation.

It is noted that IGT Modification 103 will ensure the Codes remain Code aligned.

EU Code Impacts

None identified.

Central Systems Impacts

None identified.

Workgroup Impact Assessment

This Modification would ensure that Transporters are correctly identified as the data controller for these exercises and corrects an error in UNC identifying the CDSP as the data controller when they are considered to be a data processor.

In addition, by extending the notice period from 20 Business Days to 60 Business Days, will provide sufficient time for the Shipper to mobilise the necessary resources to ensure the exercise is successfully undertaken and funded.

Rough Order of Magnitude (ROM) Assessment

Not required as there are no system impacts.

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 should further Relevant Objective f) Promotion of efficiency in the implementation and administration by ensuring all parties have sufficient notice to ensure the success of the portfolio reconciliation exercise.

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 is to be provided by Cadent and is published alongside this report. The Workgroup has considered the Legal Text and is satisfied that it meets the intent of the Solution.

10 Consultation

Panel invited representations from interested parties on 19 April 2018. The summaries in the following table are provided for reference on a reasonable endeavours basis only. It is recommended that all representations are read in full when considering this Report. Representations are published alongside this Final Modification Report.

Implementation was unanimously supported in the 6 representations received.

Representations were received from the following parties:

| Organisation | Response | Relevant Objectives | Key Points |
|--------------|----------|---------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Cadent | Support | f - positive | <ul style="list-style-type: none"> Increasing the notice period from 20 to 60 Business Days would aid Shipper User planning processes and would not detrimentally impact CDSP processes. Agrees with Self-Governance status |
| Centrica | Support | f - positive | <ul style="list-style-type: none"> Increasing the notice period from 20 Business Days' notice to 60 Business Days' notice will ensure that all parties have sufficient notice to ensure the success of the portfolio reconciliation exercise. Agrees with Self-Governance status |
| ENGIE | Support | f - positive | <ul style="list-style-type: none"> Increasing the number of business days to undertake a portfolio meter point reconciliation from 20 to 60 business days, will be particularly helpful to smaller suppliers and new entrants who will value the additional notice period to put in place adequate resource, particularly if the first time this exercise is undertaken. Agrees with Self-Governance status |
| Gazprom | Support | f - positive | <ul style="list-style-type: none"> Increasing the notice period from 20 Business Days to 60 Business Days provides parties with sufficient notice to mobilise resources. Agrees with Self-Governance status |

| | | | |
|------------------------|---------|--------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| NPower | Support | f - positive | <ul style="list-style-type: none"> • Generally, supports this modification, as increasing the notice period from 20 to 60 business days will ensure that all parties have sufficient notice to ensure that the portfolio reconciliation exercise is successful. • However, they would like to request that the date when this activity takes place is reviewed and moved, as this is likely to be around the same time as the weekend for Regulatory Releases, which happens on the same date every year. • Agrees with Self-Governance status |
| Wales & West Utilities | Support | f - positive | <ul style="list-style-type: none"> • Allows Shippers a reasonable length of time to mobilise resource to perform this exercise and hopes that this will increase participation in this important exercise. • Agree with Self-Governance status |

Please note that late submitted representations will not be included or referred to in this Final Modification Report. However, all representations received in response to this consultation (including late submissions) are published in full alongside this Report and will be taken into account when the UNC Modification Panel makes its assessment and recommendation.

11 Panel Discussions

Discussion

The Panel Chair summarised that Modification 0641S would amend the rules to extend the portfolio reconciliation notice period from 20 Business Days to a minimum of 60 Business Days.

Members considered the representations made noting that implementation was unanimously supported in the 6 representations received.

Members agreed with respondents and the Proposer that this Modification would increase the notice period from 20 to 60 business days and will ensure that all parties have sufficient notice to ensure that the portfolio reconciliation exercise is successful.

Consideration of the Relevant Objectives

Panel agreed with the Relevant Objective put forward by the Proposer.

Members voted unanimously to implement Modification 0641S.

12 Recommendations

Panel Recommendation

Members recommended that Modification 0641S should be implemented.