

Draft Modification Report
Requirement for Partial Non-Business Days for the Purposes of the UK Link Technology
Refresh (UKLTR) Project
Modification Reference Number 0184
Version 1.0

This Draft Modification Report is made pursuant to Rule 9.1 of the Modification Rules and follows the format required under Rule 9.4.

1 The Modification Proposal

UKLTR Background

The UK Link System is at the centre of the UK competitive gas industry. It is the system that carries all the information that enables customers to switch between suppliers. Once activated, the majority of switches take place automatically within the UK Link system. UK Link carries sites, meters and billing information along with gas Transmission data, and is used by both the gas Transporters and the gas Shipper community.

The system first went live in 1996 with approximately half-a-million supply points. In 1998 the system was scaled up for domestic gas competition when a further 19 million supply points were added. Since 1998 the system has grown by a further two million supply points, and is still growing.

The last technology refresh was undertaken in 2001. IS technology has a typical shelf life of five to six years. xoserve has been monitoring the performance of the system and, following a review, it was recommended that UK Link undergoes an upgrade to its hardware, database version and application toolset. After having presented initial thoughts to various industry groups including the UK Link Committee, xoserve (in conjunction with its selected partners) started the process of UK Link Technology Refresh at the end of 2006.

UK Link Technology Refresh (UKLTR) is an upgrade of the technical components that make up Sites & Meters and xoserve's invoicing systems. Essentially, UKLTR is an upgrade of database version, application toolset and hardware, operating and systems software.

Technology Refresh is essential to:

- Enable continued delivery of a reliable and robust set of UK Link systems
- Allow xoserve to continue to provide services on behalf of Networks
- Extend UK Link system lifetime for a further 4-6 years prior to UK Link Rewrite in 2012/13

Further UKLTR project information and monthly updates can be found on xoserve's website (www.xoserve.com).

Proposal

The implementation phase of the UKLTR will commence on Sunday 24th February 2008 and will be complete by 06:00 on Thursday 28th February 2008; this will necessitate the complete shut-down of the UK Link Systems.

Modification Proposal 0179 was raised in order to designate Monday 25th & Tuesday 26th February 2008 as 'non-effective days'. Although not defined in the Uniform Network Code, 'non-effective days' have previously been used for similar large scale UK Link projects (introduction of Domestic Competition Phase III, as a Y2K contingency and, more recently in 2004, for the Review of Gas Metering Arrangements (RGMA) programme). The concept and requirements within Modification Proposal 0179 kept the definition of a 'non-effective day' aligned with these previous projects.

The requirements of a 'non-effective day' are described as follows:

- No revision of the Supply Point Register will be made
- None of the following Code Communications may be made;
 - Supply Point Nomination, Supply Point Offer, Supply Point Confirmation, Supply Point Objection, Supply Point Withdrawal, request for Isolation, notice of designation as firm or re-designation as Interruptible, application to reduce or increase Supply Point Capacity or Supply Point Offtake Rate

For the purpose of clarity it is important to distinguish a 'non-effective day' from a non-Business Day. A non-Business Day is regarded as a day that is specified in the exceptions within UNC TPD Sections G1.10.1 where a Business Day is defined. Users may continue to submit Supply Point Administration (SPA) files on a non-Business Day but any such files would not be processed by xoserve (on behalf of the Transporters) until the following Business Day. Additionally, a non-Business Day does not form part of the Supply Point Confirmation lead time although Supply Point Registration may occur on a non-Business Day (as shown in Appendix 1).

The use of non-effective days would necessitate Users either storing or blocking Code Communications from their systems and issuing them once the project has been completed and UK Link systems are back on-line. It is likely that this would prevent users from operating normal business processes and/or require system intervention.

By allowing Code Communications to take place will also give xoserve greater control over the catch-up phase of the project and the timing of processing Code Communications that have been sent during the outage. It is anticipated that the catch-up phase of the project will be complete by Friday 29th February 2008. SPA files will be prioritised to ensure processes are not impacted, for example, Supply Point transfer related files will be processed by Thursday 28th February 2008. The catch up arrangements do not form part of this Modification Proposal and further details will be communicated to Users as part of the on-going xoserve UKLTR project work.

Under this new Modification Proposal it is proposed that Monday 25th & Tuesday 26th February 2008 are treated as non-Business Days for SPA activities (known as 'partial non-Business Days' within this Proposal, it is not the intention to introduce this as a UNC defined term).

It is recognised that Monday 25th & Tuesday 26th February 2008 are still working days and it is not necessary for all processes within the UNC to become non-Business Days, the concept of 'partial non-Business Day' means

that it will only apply to specific sections of the UNC, in this case these are UNC TPD Sections G, M & S4. This will allow, for example, UNC invoicing to remain unaffected with invoice issue dates and due dates not requiring any amendments.

During the implementation phase of UKLTR (Sunday 24th to Wednesday 27th February 2008) the Transporters will be unable to issue Daily Meter Readings to Users as required by UNC TPD Sections M5.1 and M5.2 until the restoration of the relevant UK Link Systems on Thursday 28th February 2008. xoserve will issue Daily Meter Readings procured over the implementation phase for the Sunday 24th to Wednesday 27th February (inclusive) as part of the catch-up processing during the implementation phase. As a consequence, the Transporters believe that it is appropriate that they should have relief from their Performance Relevant Supply Meter related obligations for 24th, 25th, 26th and 27th February 2008.

Suggested Text

Draft Legal Text has been published alongside the Proposal and Representations in respect of this text would be welcome.

2 **Extent to which implementation of the proposed modification would better facilitate the relevant objectives**

Standard Special Condition A11.1 (a): the efficient and economic operation of the pipe-line system to which this licence relates;

Implementation would not be expected to facilitate the achievement of this objective.

Standard Special Condition A11.1 (b): so far as is consistent with subparagraph (a), the 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;

The implementation of this Modification Proposal will ensure that UK-Link systems are robust and capable of sustaining the needs of the gas industry over the next 5 years and that Transporters are not penalised for carrying out such system development.

Standard Special Condition A11.1 (c): so far as is consistent with subparagraphs (a) and (b), the efficient discharge of the licensee's obligations under this licence;

Implementation would not be expected to facilitate the achievement of this objective.

Standard Special Condition A11.1 (d): so far as is consistent with subparagraphs (a) to (c) the 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;

Implementation would not be expected to facilitate the achievement of this objective.

Standard Special Condition A11.1 (e): so far as is consistent with subparagraphs (a) to (d), the 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;

Implementation would not be expected to facilitate the achievement of this

objective.

Standard Special Condition A11.1 (f): so far as is consistent with subparagraphs (a) to (e), the promotion of efficiency in the implementation and administration of the network code and/or the uniform network code;

The implementation of this Modification Proposal will align the obligations placed upon the Transporters with the planned UK Link Technology Refresh and clearly set out the arrangements that will be in place for the implementation phase of the project.

3 The implications of implementing the Modification Proposal on security of supply, operation of the Total System and industry fragmentation

There are no implications on security of supply, operation of the Total System or industry fragmentation as a result of this Modification Proposal

4 The implications for Transporters and each Transporter of implementing the Modification Proposal, including:

a) Implications for operation of the System:

No implications for operation of the System have been identified

b) Development and capital cost and operating cost implications:

There are no development and capital cost or operating cost implications associated with implementation of this Proposal

c) Extent to which it is appropriate to recover the costs, and proposal for the most appropriate way to recover the costs:

No cost recovery is required

d) Analysis of the consequences (if any) this proposal would have on price regulation:

No such consequences have been identified

5 The consequence of implementing the Modification Proposal on the level of contractual risk of each Transporter under the Code as modified by the Modification Proposal

Implementation of this Proposal will create two ‘partial non-Business Days’ which will allow Code Communications to be made although xoserve may not process them until the following Business Day (Wednesday 27th February 2008). The two days will not form part of the Supply Point Confirmation lead time although Supply Point Registration can still occur (see Appendix 1).

Implementation also will introduce four days relief for Transporters from their Performance Relevant Supply Meter related obligations.

Monday 25th & Tuesday 26th February 2008 will be deemed to be non-Business

Days for the purposes of UNC TPD Sections G, M & S4.

- 6 The high level indication of the areas of the UK Link System likely to be affected, together with the development implications and other implications for the UK Link Systems and related computer systems of each Transporter and Users**

There are no development, or other, implications for Transporter or Users systems.

- 7 The implications of implementing the Modification Proposal for Users, including administrative and operational costs and level of contractual risk**

Administrative and operational implications (including impact upon manual processes and procedures)

Implementation of this Proposal will create two 'partial non-Business Days' which will allow Code Communications to be made although xoserve may not process them until the following Business Day (Wednesday 27th February 2008).

Implementation will introduce four days relief for Transporters from its Performance Relevant Supply Meter related obligations and Transporters will not send any Daily Meter Reads until after implementation is complete. Users will need to be prepared to receive the catch-up files following implementation.

Development and capital cost and operating cost implications

No such implications have been identified.

Consequence for the level of contractual risk of Users

No such consequences have been identified.

- 8 The implications of implementing the Modification Proposal for Terminal Operators, Consumers, Connected System Operators, Suppliers, producers and, any Non Code Party**

No such implications have been identified for any other relevant persons.

- 9 Consequences on the legislative and regulatory obligations and contractual relationships of each Transporter and each User and Non Code Party of implementing the Modification Proposal**

No such consequences have been identified.

- 10 Analysis of any advantages or disadvantages of implementation of the Modification Proposal**

Advantages

- Aligns UNC Obligations with the proposed arrangements for the UK Link implementation phase
- Application of ‘partial non-Business Days’, rather than ‘non-effective days’, will reduce the impact on Users and xoserve
- Undue liabilities will be avoided and as a result Transporter and Industry costs will not be adversely affected

Disadvantages

- No disadvantages have been identified

11 Summary of representations received (to the extent that the import of those representations are not reflected elsewhere in the Modification Report)

Written Representations are now sought in respect of this Draft Report.

12 The extent to which the implementation is required to enable each Transporter to facilitate compliance with safety or other legislation

Implementation is not required in order to facilitate compliance with any notice issued under Standard Condition A11 (14)

13 The extent to which the implementation is required having regard to any proposed change in the methodology established under paragraph 5 of Condition A4 or the statement furnished by each Transporter under paragraph 1 of Condition 4 of the Transporter's Licence

Implementation is not required having regard to any proposed change in the methodology established under paragraph 5 of Condition A4 or the statement furnished by each Transporter under paragraph 1 of Condition 4 of the Transporter's Licence.

14 Programme for works required as a consequence of implementing the Modification Proposal

15 Proposed implementation timetable (including timetable for any necessary information systems changes and detailing any potentially retrospective impacts)

The Proposer believes the following timescale should be followed (subject to the relevant approvals):

22nd November 2007 – Proposed amendments to Modification 0179 (basis for this Modification) presented at Distribution Workstream

13th December 2007 – Presented at UK Link Committee Meeting and agreement to proceed

20th December 2007 – Modification Panel approve progression to the

Consultation Phase

w/c 21st January 2008 – Final Modification Report produced

January / February 2008 – Modification Panel vote

February 2008 – Ofgem decision*

February 2008 – Proposed Modification Implementation Date

*Ofgem have indicated that they would prefer a normal 15 consultation period to take place and accept that this may result in an prompt decision to be made by the Authority.

16 Implications of implementing this Modification Proposal upon existing Code Standards of Service

No implications of implementing this Modification Proposal upon existing Code Standards of Service have been identified.

17 Recommendation regarding implementation of this Modification Proposal and the number of votes of the Modification Panel

18 Transporter's Proposal

This Modification Report contains the Transporter's proposal to modify the Code and the Transporter now seeks direction from the Gas and Electricity Markets Authority in accordance with this report.

19 Text

Representations are now sought in respect of this Draft Report and prior to the Transporters finalising the Report.

For and on behalf of the Relevant Gas Transporters:

Tim Davis
Chief Executive, Joint Office of Gas Transporters

Appendix 1 – Change of Supplier D-7 Process / Timescales

Change of Supplier – Normal process (without Modification)

February 2008															March 2008						
14th	15th	16th	17th	18th	19th	20th	21st	22nd	23rd	24th	25th	26th	27th	28th	29th	1st	2nd	3rd	4th	5th	6th
Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu
D-6	D-5			D-4	D-3	D-2	D-1	D													
D-7	D-6			D-5	D-4	D-3	D-2	D-1	D	D	D										
	D-7			D-6	D-5	D-4	D-3	D-2			D-1	D									
				D-7	D-6	D-5	D-4	D-3			D-2	D-1	D								
					D-7	D-6	D-5	D-4			D-3	D-2	D-1	D							
						D-7	D-6	D-5			D-4	D-3	D-2	D-1	D						
							D-7	D-6			D-5	D-4	D-3	D-2	D-1	D	D	D			
								D-7			D-6	D-5	D-4	D-3	D-2			D-1	D		
											D-7	D-6	D-5	D-4	D-3			D-2	D-1	D	

Change of Supplier – with additional Modification 0184 ‘partial non-Business Days’

February 2008															March 2008						
14th	15th	16th	17th	18th	19th	20th	21st	22nd	23rd	24th	25th	26th	27th	28th	29th	1st	2nd	3rd	4th	5th	6th
Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu
D-6	D-5			D-4	D-3	D-2	D-1	D													
D-7	D-6			D-5	D-4	D-3	D-2	D-1	D	D	D	D	D								
	D-7			D-6	D-5	D-4	D-3	D-2					D-1	D							
				D-7	D-6	D-5	D-4	D-3					D-2	D-1	D						
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								D-7					D-6	D-5	D-4			D-3	D-2	D-1	D
													D-7	D-6	D-5			D-4	D-3	D-2	D-1