

Modification proposal:	<b>Uniform Network Code (UNC) 184: Requirement for partial non-business days for the purpose of the UK Link Technology refresh (UKLTR) Project (UNC184)</b>		
Decision:	The Authority <sup>1</sup> has decided to accept this proposal		
Target audience:	The Joint Office, Parties to the UNC and other interested parties		
Date of publication:	21 February 2008	Implementation Date:	To be confirmed by the Joint Office

## Background to the modification proposal

The UK Link System 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 Shippers.

Since the system first went live in 1996 it has grown considerably, and continues to do so, now accommodating information relating to over 20 million supply points. As the last technology refresh was undertaken in 2001, xoserve has been monitoring the performance of the system and concluded that UK Link should undergo 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 (UKLTR) at the end of 2006.

UKLTR is an upgrade of the technical components that make up Sites & Meters database and xoserve's invoicing systems. Essentially, UKLTR is an upgrade of database version, application toolset and hardware, operating and systems software, which will extend the lifespan of UK Link out to its scheduled re-write in 2012/13.

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

## The modification proposal

Under this proposal Monday 25<sup>th</sup> and Tuesday 26<sup>th</sup> February 2008 will be treated as non-Business Days for SPA activities. It is recognised in the proposal that those days are still working days and that it is not necessary for all processes within the UNC to be treated as occurring on non-Business Days. Therefore the proposal uses the concept of a *partial* non-Business Day to mean that it will only apply to those affected areas, namely UNC Sections G, M and S4. It is clarified within the proposal that this will allow, for example, UNC invoicing to remain unaffected.

The proposal clarifies that during the implementation phase of the UKLTR (Sunday 24<sup>th</sup> to Wednesday 27<sup>th</sup> February) the GTs will be unable to issue Daily Meter Readings to Users as required under UNC Sections M5.1 and M5.2, until systems are restored. However, xoserve will subsequently issue reads procured during that period as part of a catch-up process. As this catch-up will be outside of the usual UNC tolerances, GTs would ordinarily be exposed to liabilities under their Performance Relevant Supply meter

<sup>1</sup> The terms 'the Authority', 'Ofgem' and 'we' are used interchangeably in this document. Ofgem is the Office of the Gas and Electricity Markets Authority.

obligations. This proposal seeks to relieve GTs of their exposure during this scheduled systems downtime.

The Proposer considers that UNC184 is likely to further relevant objectives (d) and (f) as set out in Standard Special Condition A11 (1) of the Gas Transporters Licence as follows:

*Relevant objective (d) – the securing of effective competition: (i) between relevant shippers.*

“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.”

*Relevant objective (f) –the promotion of efficiency in the implementation and administration of the network code and or/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.”

### **UNC Panel<sup>2</sup> recommendation**

The proposal was discussed at the UNC Modification Panel (“the Panel”) meeting held on 7 February 2008, where the UNC Panel members voted unanimously to recommend its implementation.

### **The Authority’s decision**

The Authority has considered the issues raised by the modification proposal and the Final Modification Report (FMR) dated 11 February 2008. The Authority has considered and taken into account the responses to the Joint Office’s consultation on the modification proposal which are attached to the FMR<sup>3</sup>.

The Authority has concluded that:

1. implementation of the modification proposal will better facilitate the achievement of the relevant objectives of the UNC<sup>4</sup>; and
2. directing that the modification be made is consistent with the Authority’s principal objective and statutory duties<sup>5</sup>.

### **Reasons for the Authority’s decision**

We note that of the seven respondents to the Joint Office consultation, six supported the implementation of UNC184, with the last offering qualifying support. This respondent’s support was qualified on the basis that they would have preferred the technology change

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<sup>2</sup> The UNC Panel is established and constituted from time to time pursuant to and in accordance with the UNC Modification Rules.

<sup>3</sup> UNC modification proposals, modification reports and representations can be viewed on the Joint Office of Gas Transporters website at [www.gasgovernance.com](http://www.gasgovernance.com)

<sup>4</sup> As set out in Standard Special Condition A11(1) of the Gas Transporters Licence, see: [http://epr.ofgem.gov.uk/document\\_fetch.php?documentid=6547](http://epr.ofgem.gov.uk/document_fetch.php?documentid=6547)

<sup>5</sup> The Authority’s statutory duties are wider than matters which the Panel must take into consideration and are detailed mainly in the Gas Act 1986.

to have been undertaken in a way which was seamless, and not impinging upon Users in any way. However, they stated that they were reassured that xoserve had explored all options and had no choice but to suspend certain functionality for a period of time.

Only one of the respondents provided comments specifically in the context of the relevant objectives. Whilst the virtues of this proposal may appear self evident, any modification must be assessed on the basis of whether it would better facilitate the relevant objectives of the UNC than the prevailing version. One respondent provided comments on the suggested legal text, which were subsequently incorporated into the final version.

This proposal does not of itself prompt the UKLTR, which we understand would be undertaken regardless of the outcome of this proposal. However, absent this modification being implemented, GTs would be exposed to certain liabilities and in extremis could be considered to be in breach of the UNC, as they would be unable to discharge certain obligations while the necessary systems were offline. We have therefore considered the benefits of this proposal not in terms of the systems refresh itself, which is largely outwith this proposal, but in terms of the arrangements that will apply during that transitional period. We therefore agree with the proposer and subsequently the UNC Panel, that this proposal will further relevant objectives b) and f).

*Relevant objective (b) – the coordinated, efficient and economic operation of... the combined pipeline system*

Whilst this modification is not absolutely necessary for the project to proceed, we also agree that it would be inappropriate for GTs to be exposed to certain financial liabilities, which would be unavoidable during the systems down time. By providing relief from these liabilities, which could otherwise act as a disincentive to carry out such systems upgrades, we consider this modification will contribute to the efficiency of the combined pipeline system.

*Relevant objective (f) – the promotion of efficiency in the implementation and administration of the network code and or/uniform network code.*

To the extent that the liabilities mentioned above are part of the normal UNC arrangements, we agree that clarification of how those arrangements will be effected on the specified partial non-business days will further facilitate efficient administration of the UNC.

## **Decision notice**

In accordance with Standard Special Condition A11 of the Gas Transporters Licence, the Authority, hereby directs that UNC modification proposal 184: *'Requirement for partial non-business days for the purpose of the UK Link Technology refresh (UKLTR)'* be made.



**Mark Feather,**  
**Director of Industry Codes and Licensing, Corporate Affairs**  
Signed on behalf of the Authority and authorised for that purpose.