

Modification Report
Additional Data Requirements for the Administration of CSEP Supply Points
Modification Reference Number 0226
Version 2.0

This Modification Report is made pursuant to Rule 9.3.1 of the Modification Rules and follows the format required under Rule 9.4.

1 The Modification Proposal

UNC Review Group 0157 “Review of IGT Settlement and Reconciliation Arrangements” identified a number of issues that potentially contribute to the apparent discrepancy between the number of Connected System Exit Point (CSEP) Supply Points registered on independent Gas Transporter (iGT) and Distribution Network Operator (DNO) records respectively. Such a discrepancy is currently present at both an aggregate level and per User to varying degrees. To minimise these discrepancies, it is critical that the DNOs’ agent can easily identify the relevant connection point to which the iGT is referring to in its initial notification to the DNOs’ agent of a new Supply Point at a CSEP network.

In absence of a unique data item that remains constant throughout the lifecycle of that CSEP, the existing data provision requirements does not allow the DNOs’ agent to easily identify the connection point (that has been authorised by the DNO as completed in accordance with expectation) to which the iGT is referring. Accordingly, Review Group 0157 identified that the DNO Reference number (which is utilised by the DNO throughout the initial connections quotation/acceptance/construction phase) is the one constant data item that would enable the DNOs’ agent to more easily identify the correct connection point.

As a consequence of the findings of the Review Group, a number of iGTs voluntarily agreed (as a trial) to provide the DNO Reference in their D01 (new Logical Meter Number Request) submissions by populating an optional ‘free text’ field within the file. Thereby, where an approved connection was unable to be identified utilising the existing DNO agent’s systematised matching validation, a manual check against the DNO reference specified has enabled the DNOs’ agent to more quickly identify the correct connection.

To realise the full benefits, it is therefore proposed that the iGT be mandated to provide the following additional data within the D01 submission to the DNOs’ agent:

- the DNO reference
 - for ‘lead’ iGTs this is the reference allocated by the DNO in respect of the connection to the DNO’s network
 - for ‘nesting’ iGTs this is the DNO reference allocated in respect of the upstream connection to the relevant DNO network (ie: the lead iGT)*
- the identity of the relevant LDZ
- whether the CSEP is a nested arrangement (‘y’ or ‘n’)

The final additional data requirement will allow 'nested' iGTs to interact directly with DNOs to register load details. However*, to enable the DNOs to monitor aggregate load registered to a particular CSEP it is necessary for such a nested iGT to specify the DNO reference allocated to the upstream connection to the relevant DNO network (ie: the first connecting iGT).

In the event of implementation, system validation will be introduced to reject files where the DNO reference specified does not match a DNO reference specified by the relevant DNO as a 'valid' connection.

The Review Group also identified that the DNOs are not currently required to provide a response to the iGT submission of individual meter point reconciliation volumes at Larger Supply Points. Therefore it is further proposed that DNOs are mandated to provide a response to the iGT (following the submission of a reconciliation volume) to confirm acceptance or rejection of the file and if rejection, the reason for rejection.

The relevant iGT / DNO communications are detailed within the LDZ CSEP Network Exit Agreement (NExA) and accordingly the appropriate changes would need to be reflected within Annex A of this Agreement.

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 better facilitate this relevant 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;*

Implementation would not be expected to better facilitate this relevant objective.

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 better facilitate this relevant 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;

As a consequence of implementation, National Grid Distribution would anticipate that charges incurred by Users would be more reflective of the consumption at Meter Points for which they are the Registered User and would therefore better facilitate the relevant objective of facilitating competition between relevant suppliers and relevant Shippers.

Wales & West Utilities consider implementation of this Proposal may lead to an improvement in the iGT settlement and reconciliation process by allowing for charges to be more appropriately allocated across Users, and hence help to secure effective competition between relevant Shippers.

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 better facilitate this relevant 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 transfer of a sufficient level of data between iGTs and DNOs to enable all parties to update systems in a timely manner is essential to ensure compliance with the provisions contained within Annex A of the LDZ CSEP NExA. Furthermore, the passing of data directly impacts on the efficient operation of the UNC by DNOs, particularly concerning the levying by DNOs of accurate transportation invoices to Users. It is therefore essential that the appropriate communication requirements are reflected within the LDZ CSEP NExA.

Implementation of this Modification Proposal can therefore be expected to facilitate the promotion of efficiency in the implementation and administration of the Uniform Network Code.

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

No implications on security of supply, operation of the Total System or industry fragmentation have been identified.

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

a) Implications for operation of the System:

No such implications have been identified.

b) Development and capital cost and operating cost implications:

There would be a development cost associated with the modification of DNO systems to recognise and process the additional data items within the D01 file and the additional communication required to be issued in response to the submission of a J82 reconciliation volume submission file.

National Grid Distribution has obtained estimation ('Rough Order of Magnitude') of the costs (to National Grid) of such changes which are in the region of £30,000 to £60,000.

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

It is not anticipated that any additional cost recovery would be required.

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

It is anticipated that Transporters' level of contractual risk would reduce as a consequence of implementation by achieving more timely registration of CSEP load on DNO systems. UNC Transporters would therefore recover appropriate transportation charges.

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

It is anticipated that Transporters level of contractual risk would reduce as a consequence of implementation by achieving more timely registration of CSEP load on DNO systems. UNC Transporters would therefore recover appropriate transportation charges.

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

Changes will be required to the CSEPs database (a related computer system) to accommodate and process the additional data items and data flows.

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)

No such implications have been identified.

Development and capital cost and operating cost implications

There will be development costs associated with the implementation of this Modification Proposal as there will be changes to the D01 file format (as

contained in Annex A of the CSEP NExA). There will be additional changes required to the CSEP systems operated by xoserve to account for these file format changes, an additional LMN reconciliation response file and additional validation criteria.

Consequence for the level of contractual risk of Users

It is anticipated that implementation would reduce discrepancies in a User's Supply Point count between DNO and iGT records and thereby reduce the risk of incurring inappropriate charges pursuant to the provisions of the respective industry codes.

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

iGTs would be required to amend their systems to deliver the additional mandatory data requirements and to receive and process the reconciliation response communication from the DNO.

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

Appropriate changes would be required to the LDZ CSEP NExA, the primary iGT/DNO contract.

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

Advantages

- Increases the efficiency with which the DNOs' agent is able to match the iGT request to the correct DNO approved connection.
- If the DNOs' agent is unable to do this, it increases the efficiency with which the issue can be resolved by the iGT and the DNO. For example, the DNO reference the iGT is submitting may have been superseded by another DNO reference due to, for instance, the expiry of the initial quotation which is easily linked to the subsequent DNO reference.
- Provides confirmation to iGTs of the successful or unsuccessful processing of reconciliation of Larger Supply Points at CSEPs enabling the iGT to resubmit where necessary.

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)

Representations were received from the following parties:

Organisation	Position
ESP	Qualified Support
GTC	Supports
National Grid Distribution	Supports
RWE Npower	Supports
Scotia Gas Networks	Supports
Scottish and Southern Energy	Supports
Wales & West Utilities	Supports

GTC offer qualified support expressing disappointment not to have had sight of the validation rules, file formats and draft text changes to Annex A which would have allowed them to make appropriate comments along with the consultation response. ESP and SSE would also welcome sight of the revised file format, validation rules, and changes to wording of Annex A at the earliest opportunity.

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 to enable each Transporter to facilitate compliance with safety or other legislation.

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

No programme of works would be 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)

To be advised by the DNOs' agent / iGTs.

The implementation of this Modification Proposal would need a sufficient lead time in order for the necessary system changes to be made. Wales & West Utilities suggest that a 6 month period may be suitable.

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

At the Modification Panel meeting held on 20 November 2008, of the 8 Voting Members present, capable of casting 10 votes, 10 votes were cast in favour of implementing this Modification Proposal. Therefore the Panel recommend implementation of this Proposal.

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

For and on behalf of the Relevant Gas Transporters:

Tim Davis
Chief Executive, Joint Office of Gas Transporters