

Stage 04: Final Modification Report


0488S:


Additional Changes to the Mod 81 Reports


At what stage is this document in the process?




This modification seeks to introduce further changes to the Mod 81 Reporting Suite. Implementation of this modification is not dependent on the implementation of changes proposed within Modification 0482S.

 Panel considered the report on 06 June 2014

 High Impact:
None

 Medium Impact:
None

 Low Impact:
Changes required to Xoserve reporting

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About this document:

This Final Modification Report was presented to the Panel on 06 June 2014.

The Panel determined that this self-governance change should be made.

	
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1 Summary

Is this a Self-Governance Modification?

The Modification Panel determined that this is a self-governance modification because it is unlikely to have material effect on competition or consumers.

Why Change?

UNC Section G 1.6.18 – 1.6.20 requires Transporters to publish information regarding the manner in which the AQ review is conducted. These reports are commonly referred to as “Mod 81 Reports”.

The current drafting of UNC, Section G, Paragraph 1.6.18(a) requires that for each User, in aggregate across all EUCs, the number of successful AQ amendment applications made is reported. Modification 0482 if implemented will require that Mod 81 Reports 1 and 2 are amended to report on effective AQ amendments only. This modification will not affect the solution proposed within Modification 0482 but builds on the changes proposed therein.

Presently AQ reporting does not separate SSP and LSP AQ amendments activity. While Reports 5 and 7 provide information on the effect of AQ amendments in respect of increasing/decreased energy by EUC and reports 6 and 8 on the movement of Meter Points between EUCs however this does not provide enough granular information on the impact of AQ amendment activity against the Current AQ (AQ effective at commencement of Gas Year in which AQ Review Process is performed) and Provisional AQ (Transporter calculated AQ commonly referred to as the T04 position).

Solution

The following changes are proposed to the Mod 81 reports:

1. Introduction of an additional report 2, i.e. 2b, to report on effect of AQ amendments on the Provisional AQ. The existing Report 2 shows the effect of AQ amendments on the Current AQ only.
2. Reports 1 and 2 – separate reporting for Smaller Supply Points and Larger Supply Points AQ amendment activity. For Threshold Crossers the market sector will be determined by the Current AQ i.e. the starting position at the commencement of the AQ Review Process.

These changes will be applied to all releases of the Mod 81 Reports i.e. 1st July, 1st August and 1st November.

Relevant Objectives

Implementation of this modification will introduce increased granularity and transparency to the information provided to Shippers regarding the impact of AQ amendment activity which occurred within the AQ Review Process. As a consequence of this revised approach to reporting, the reports produced by Xoserve periodically during the AQ Review process and those presented at the AQ Operational Meeting should be more representative of the impact of AQ amendment activity by Shippers. The proposed changes to reporting will produce a more transparent picture of energy movements by LDZ and market sector when compared against the Current AQ and Provisional AQ.

Shippers will not incur any additional operational costs as a result of implementing this modification. However, Xoserve has stated that some costs will be incurred in developing and thereafter running these reports.

Implementation

No implementation date is proposed for this modification. However, it would be desirable if this modification were implemented by 1st July 2014 to coincide with Mod 81 Reporting initial release as required within UNC Section G 1.6.20(a).

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2 Why Change?

UNC Section G 1.6.18 – 1.6.20 requires Transporters to publish information regarding the manner in which the AQ review is conducted. These reports are commonly referred to as “Mod 81 Reports”.

The current drafting of UNC, Section G, Paragraph 1.6.18(a) requires that for each User, in aggregate across all EUCs, the number of successful AQ amendment applications made is reported. Modification 0482 if implemented will require that Mod 81 Reports 1 and 2 are amended to report on effective AQ amendments only. This modification will not affect the solution proposed within Modification 0482 but builds on the changes proposed therein.

At the AQ Operational meeting held by telephone conference on 24th January 2014, AQ experts discussed changes, which could be made to the Mod 81 Reports to improve transparency and therefore enhance reporting of AQ amendments activity by Shippers within the AQ Amendment Window. Presently AQ reporting does not separate SSP and LSP AQ amendments activity. While Reports 5 and 7 provide information on the effect of AQ amendments in respect of increasing/decreased energy by EUC and reports 6 and 8 on the movement of Meter Points between EUCs however this does not provide enough granular information on the impact of AQ amendment activity against the Current AQ (AQ effective at commencement of Gas Year in which AQ Review Process is performed) and Provisional AQ (Transporter calculated AQ commonly referred to as the T04 position).

3 Solution

The following changes are proposed to the Mod 81 reports:

1. Introduction of an additional report 2 i.e. 2b to report on effect of AQ amendments on the Provisional AQ. The existing Report 2 shows the effect of AQ amendments on the Current AQ only.
2. Reports 1 and 2 – separate reporting for Smaller Supply Points and Larger Supply Points AQ amendment activity. For Threshold Crossers the market sector will be determined by the Current AQ i.e. the starting position at commencement of the AQ Review Process.

These changes will be applied to all releases of the Mod 81 Reports i.e. 1st July, 1st August and 1st November.

User Pays

Classification of the modification as User Pays, or not, and the justification for such classification.

This is a User Pays modification as costs may be incurred amending the existing reports although the Transporters Agent has indicated that these costs would be minimal. On that basis Transporters have indicated that they would absorb these marginal costs – i.e. there is nothing to recover from Users.

Identification of Users of the service, the proposed split of the recovery between Gas Transporters and Users for User Pays costs and the justification for such view.

n/a

Proposed charge(s) for application of User Pays charges to Shippers.

n/a

Proposed charge for inclusion in the Agency Charging Statement (ACS) – to be completed upon receipt of a cost estimate from Xoserve.

n/a

4 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

f) Promotion of efficiency in the implementation and administration of the Code

Implementation of this modification will introduce increased clarity and visibility to the information provided to Shippers regarding AQ amendment activity within the AQ Review Process therefore promoting efficiency in the implementation and administration of the Code.

5 Implementation

As self-governance procedures are proposed, implementation could be sixteen business days after a Modification Panel decision to implement. However, it would be desirable if this modification were implemented by 1st July 2014 to coincide with Mod 81 Reporting initial release as required within UNC Section G 1.6.20(a).

6 Legal Text

Text

The following Text has been prepared by National Grid Distribution at the request of the Modification Panel, and no issues were raised by the Workgroup regarding its content.

Transportation Principal Document

Section G

Amend paragraph 1.6.18(b) to read as follows:

- (b) by each End User Category:
 - (i) the number of Supply Meter Points where the Annual Quantity has increased or decreased as a result of the successful applications referred to in (a)(ii) shown as a percentage of the total number of Supply Meter Points in that End User Category;
 - (ii) the change to **the Provisional Annual Quantity and** the Annual Quantity in aggregate (expressed in kWh) that has occurred due to the increases or decreases as a result of the successful applications referred to in (a)(ii);
 - (iii) the number of Supply Points that have moved from one End User Category to another End User Category as result of the successful applications referred to in (a)(ii);

7 Consultation Responses

In the 6 representations received implementation was unanimously supported.

Representations are published alongside the Final Modification Report.

Representations were received from the following parties:

Organisation	Response	Relevant Objectives	Key Points
British Gas	Support	f - positive	<ul style="list-style-type: none"> provides greater transparency of the AQ Review process by reporting the effect of AQ amendments on the Provisional AQ.
EDF Energy	Support	f - positive	<ul style="list-style-type: none"> will ensure that changes to the Provisional Annual Quantity would be published alongside the current Annual Quantity and create separate reporting for large and small supply points.
EON UK	Support	f - positive	<ul style="list-style-type: none"> will improve the granularity of information available to the industry around AQ movements, which improves the industry's confidence in the AQ processes.
RWE npower	Support	f - positive	<ul style="list-style-type: none"> will provide greater clarity and improve the transparency of reporting of AQ amendments activity by Shippers within the AQ Amendment Window. it will improve the granular information on the impact of AQ amendment activity against the Current AQ and provisional AQ
ScottishPower	Support	f - positive	<ul style="list-style-type: none"> it will introduce increased granularity and transparency to the information provided to Shippers regarding the impact of AQ amendment activity which occurred within the AQ Review Process.
SSE	Support	f - positive	<ul style="list-style-type: none"> will improve transparency on shipper's AQ review behaviour by increasing reporting to show the effects of amendments from the provisional AQ values, as calculated by Xoserve, to the final AQ values. Will also split reports between SSP and LSP supply points, showing activity in a clearer manner which will improve understanding of amendment activity between the two sectors.

Additional Issues Identified in Responses

No additional issues were identified.

8 Panel Discussions

The Panel Chair summarised that UNC Section G 1.6.18 – 1.6.20 requires Transporters to publish information regarding the manner in which the AQ review is conducted, commonly referred to as “Mod 81 Reports”.

The current drafting of G 1.6.18(a) requires that for each User, in aggregate across all EUCs, the number of successful AQ amendment applications made is reported. Modification 0482S will, if implemented, require that Mod 81 Reports 1 and 2 are amended to report on effective AQ amendments only. Modification 0488S will not affect the solution proposed within Modification 0482S, but builds on the proposed changes.

Two additional reports are proposed to improve the granularity of information relating to SSP and LSP AQ amendments activity.

Members considered the six representations received noting that there was unanimous support for implementation of the modification.

In considering the relevant objectives, Members agreed that the modification would introduce increased granularity and transparency to the information provided to Shippers regarding the impact of AQ amendment activity which occurred within the AQ Review Process. The proposed changes to reporting will produce a more transparent picture of energy movements by LDZ and market sector when compared to the Current AQ and Provisional AQ. Members agreed that the proposal seeks to further relevant objective f) – promotion of efficiency in the implementation and administration of the Code.

Members also noted the proposed effective implementation date of 06:00hrs on 01 July 2014.

Members then voted unanimously to implement Modification 0488S.

9 Recommendation

Panel Recommendation

Having considered the Modification Report, the Panel determined:

- that proposed self-governance Modification 0488S should be made.