

Variation Request

0513 (Urgent) – UK Link Programme (Project Nexus) – independent project assurance for Users

Date: 01 September 2014

The Proposer, National Grid Distribution, requests a variation to this modification, pursuant to UNC Modification Rules Section 6.5.1(c) of the UNC.

Reason for Variation

The Proposer has identified that based on internal legal advice, specific parts of part 3 'Solution' within the Modification Proposal were non UNC matters (being matters for the planned agency arrangements) and should therefore be removed. Furthermore it was necessary for the basis for 'User Pays' arrangements to be clarified within the Modification Proposal. Finally, changes to the proposed legal text have been made to reflect the above.

Nature of Variation

National Grid Distribution therefore request that the following amendments are made to the original text within Sections 1 Summary (Solution), Section 2 Why Change? and Section 3 Solution:

Section 1 Summary

Solution

"To enable the agency to undertake relevant scrutiny and analysis of Shipper User readiness it is essential that it is furnished with relevant information and data by Shipper Users. This might include statements and analysis concerning the state of IT systems and supporting processes and evidence of readiness. Provision of relevant information and statements to the agency would need to be provided on a prompt and timely basis and consequently it is vital that each Shipper User co-operates fully with the agency. While not part of the Modification it is anticipated that information so provided would be dealt with on a strictly confidential basis and shared only with Ofgem.

This will be achieved by the introduction of transitional terms to the UNC TPD."

Section 2 Why Change?

"The scale of industry change associated with the UK-Link Programme and associated Modifications require certainty that all affected parties can demonstrate readiness to meet the Project Nexus Implementation Date. Some industry members, including the Authority, have confirmed this requirement exists and that an urgent assessment of Shipper User readiness is made to enable the industry to plan, design, build and implement a successful industry-wide change programme. An agency will be appointed by Ofgem for this purpose.

The Transporter's agency has already engaged Baringa Partners LLP to conduct project assurance on its own preparatory activities and state of readiness.

'Transitional' Modification of the UNC is required to mandate Shipper Users to cooperate with, and support, the production of an assessment by the agency in the period to December 2014. The Modification also requires that the Transporters pay appropriate charges in respect of the agency's services and that such costs are funded under User Pays arrangements.

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For information only, the following provisions are anticipated to be included in any arrangement between Ofgem and the relevant agency:

The assignment report provided by the agency to the Authority will contain information provided directly by the Shipper User and will be on a non-anonymised basis.

The agency will also be required to provide a redacted version of the assignment report. This report will be prepared so that all references to a Shipper User by name will be removed and any data that may result in the identity of any Shipper User being ascertained shall also be removed. This report will be provided to the Authority who, having approved such report shall provide this to the Transporters for publication by the Joint Office of Gas Transporters.

The agency will hold all data and information provided to it by each Shipper User in confidence and will destroy all data and information received from each Shipper User within three months of the provision of the assignment report to the Authority.

Note: It is possible that further assessment work will be required in 2015 but any UNC related requirements for this are out of scope for the purposes of this Modification Proposal”

Section 3 Solution

“Modification of the UNC involving the introduction of transitional terms in respect of TPD Section U is required as follows:

1. Shipper Users to be mandated in the period to 1st December 2014 to reasonably co-operate with the agency appointed by Ofgem to validate their readiness for implementation of the UK-Link programme underpinning Project Nexus on 1st October 2015.
 - a. This is required for the agency to produce a Shipper User readiness report by 1st December 2014
- ~~2. The assignment report provided by the agency to the Authority will contain information provided directly by the Shipper User and will be on a non-anonymised basis.~~
 - ~~a. The agency will also be required to provide a redacted version of the assignment report. This report will be prepared so that all references to a Shipper User by name will be removed and any data that may result in the identity of any Shipper User being ascertained shall also be removed. This report will be provided to the Authority who, having approved such report shall provide this to the Transporters for publication by the Joint Office of Gas Transporters.~~
- ~~23.~~ For Shipper Users to use best endeavours to provide any data or relevant information as may be reasonably required by the appointed agency to undertake its activities (~~noting that such data is provided on a wholly confidential basis~~).
- ~~a. The agency will hold all data and information provided to it by each Shipper User in confidence and will destroy all data and information received from each Shipper User within three months of the provision of the assignment report to the Authority.~~
- ~~34.~~ For Transporters to pay charges in respect of the agency appointed by Ofgem and for funding of the agency’s activities to be ~~To~~ provided ~~for funding of the agency’s activities~~ under User Pays arrangements.
- ~~45.~~ The Gas Transporters and their Agency Xoserve (other than responding to any reasonable requests for information from the appointed agency) shall have no involvement in the appointment of the agency, or the work undertaken by the agency in the production of the assignment report.

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~~Note: It is possible that further assessment work will be required in 2015 but any UNC related requirements for this are out of scope for the purposes of this Modification Proposal~~

User Pays – Table not updated as suggested in last version
Classification of the modification as User Pays, or not, and the justification for such classification.
The assignment is for the benefit of Shipper Users. An assignment service is facilitated by the implementation of this Modification Proposal in that the Transporter shall be responsible for settling the agency's charges and it is therefore classified as a User Pays Modification.
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.
100% of costs recovered from Shipper Users. The charges to Shipper Users are to be recovered from each Shipper User based upon the number of Supply Points in each Shipper User's ownership as a proportion of the total number of Supply Points in all Shipper User's ownership as measured on the date of the implementation of the Modification, excluding 'unique sites'.
Proposed charge(s) for application of User Pays charges to Shippers.
A cost estimate for this Modification Proposal is not presently available; however, the value is expected to be below the OJEU threshold for single source tendering, being £172,514.
Proposed charge for inclusion in the Agency Charging Statement (ACS) – to be completed upon receipt of a cost estimate from Xoserve.
TBC.

As aforementioned, National Grid Distribution also include the amended legal text (tracked change and changes highlighted) to accompany the varied Modification Proposal (subject to Modification Panel approval):

Legal Text

New paragraph 9 to Section U of the TPD

9 MONITORING OF THE IMPLEMENTATION OF THE UK-LINK PROGRAMME

9.1 Introduction

9.1.1 This paragraph 9 sets out requirements applicable to Shipper Users in relation to the monitoring of the implementation of the UK-Link Programme by the Project Nexus Implementation Date.

9.2 User Obligations

9.2.1 Each Shipper User shall:

- (a) use best endeavours to provide any data or relevant information reasonably requested by the Relevant Agency [without reference to or involvement of the Transporters or the Transporter Agency](#); and
- (b) otherwise reasonably co-operate with the Relevant Agency,

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in order for the Relevant Agency to prepare a report on the implementation of the UK-Link Programme to be submitted by the Relevant Agency to the Authority by 1 December 2014.

9.3 User Pays Charge

9.3.1 Each Shipper User will pay (in accordance with Section S) to the Transporter a User Pays Charge in respect of such User Pays Service [as described in Appendix 1 of the Agency Charging Statement](#).

Definitions:

“**Relevant Agency**” is the agency which may be appointed by the Authority to monitor the implementation of the UK-Link Programme, as may be notified by the Authority to the Shipper Users.

“**UK-Link Programme**” is [the implementation of systems and processes to meet the requirements of UNC Modifications 0432, 0434 and 0440](#). ~~[#]. Note: use of term to be considered in context of transitional rules for Modifications 0432, 0434 and 0440 once developed.~~

1. Transitional Text

New Paragraph 1.11 to the Transition Document Part IIC – Transitional Rules

1.11 TPD Section U: Monitoring of the Implementation of the UK-Link Programme

1.11.1 TPD Section U, paragraph 9 shall not apply after 1 December 2014.”

Proposer's Representative

Chris Warner

Proposer

National Grid Distribution

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