

# 0515S:

## Resolution timescales for SRVs and USRVs following Project Nexus Implementation

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This modification seeks to establish timescales for Transporter (SRV) and User (USRV) resolution following the Project Nexus Implementation Date



Panel determined to implement this modification.











High Impact:  
None identified



Medium Impact:  
Users and Transporters



Low Impact:  
None identified

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This Final Modification Report was presented to the Panel on 19 February 2015.		 <b>andy.j.miller@xoserve.com</b>
The Panel unanimously determined that this modification should be implemented		
The Workgroup recommended the following timetable:		
Initial consideration by Workgroup	07 October 2014	
Workgroup Report presented to Panel	18 December 2014	
Draft Modification Report issued for consultation	18 December 2014	
Consultation Close-out for representations	23 January 2015	
Final Modification Report published for Panel	26 January 2015	
UNC Modification Panel decision	19 February 2015	

# 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 as this modification is only proposing to provide a transitional process to resolve SRVs and USRVs.

## Why Change?

UNC Modification 0432 - Project Nexus – Gas Demand Estimation, Allocation, Settlement and Reconciliation reform, removed the SRV and USRV processes which are redundant under the Project Nexus arrangements. To ensure a timely resolution of the outstanding population of Suppressed Reconciliation Values (SRVs) and User Suppressed Reconciliation Values (USRVs) that exist at Project Nexus Implementation Date this modification identifies the resolution timetable setting out the User resolution period and the point at which resolution would become the responsibility of the Transporter.

## Solution

This modification seeks to set out UNC transitional text to ensure the timely resolution of SRVs and USRVs 12 months following the Project Nexus Implementation Date and invoicing concluded 14 months following Project Nexus Implementation Date.

## Relevant Objectives

It is expected that this modification would further Relevant Objective (f). This modification would allow a period of time for Users and Transporters to resolve SRVs and USRVs and enable effective reconciliation.

## Implementation

As Self-Governance is proposed, this modification could be implemented 16 Business Days following a decision by the Modification Panel.

## Does this modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

This modification identifies measures, which are an important pre-requisite for Project Nexus implementation. However, they do not impact the delivery of UK Link systems and support transition from current processes to Project Nexus processes.

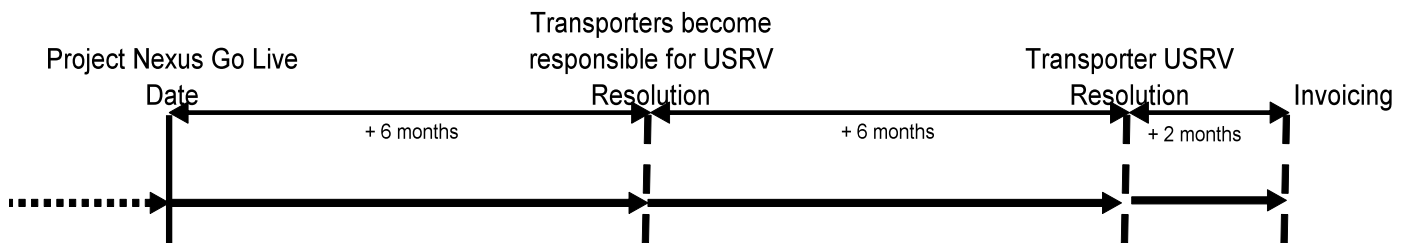
## 2 Why Change?

At the Project Nexus Implementation Date (identified within UNC General Terms Section C), the SRV and USRV process will no longer be applicable as a result of implementation of Modification 0432.

Users have identified that there will be SRVs and USRVs requiring resolution after the Project Nexus Implementation Date. In each case, such values shall relate to the period prior to the Project Nexus Implementation Date.

To ensure timely resolution of the outstanding population of SRVs and USRVs that exist at Project Nexus Implementation this modification identifies a timetable setting out the User resolution period for USRVs and the point at which resolution would become the responsibility of the GT. It also identifies a timetable for resolution by the Transporter of SRVs.

The modification seeks to conclude the resolution of USRVs 12 months following the Project Nexus Implementation Date. Invoicing would be concluded by Project Nexus Implementation Date plus fourteen months. The following diagram illustrates this.



### 3 Solution

This modification seeks to conclude the resolution of SRVs and USRVs 12 months following the Project Nexus Implementation Date. Invoicing would be concluded by Project Nexus Implementation Date plus fourteen months.

The following business rules are relevant:

- Transporters would take responsibility for any USRVs outstanding at the Project Nexus Implementation Date plus six months.
- Transporters are required to resolve such USRVs on a reasonable endeavours basis by Project Nexus Implementation Date plus twelve months. Resolution options are envisaged in the same way as described under the Modification 0192 arrangements (UNC TPD Section E 8.4.5 refers).
- Transporters are required to resolve any SRVs on a reasonable endeavours basis by Project Nexus Implementation Date plus twelve months.

Transporters may request additional information from Users to assist in and resolve investigations.

Once such USRVs have been referred to Transporters, Users may resolve these USRVs at any point to Project Nexus Implementation Date plus twelve months but shall remain liable for the relevant User Pays charges.

User Pays	
Classification of the modification as User Pays, or not, and the justification for such classification.	Users will be subject to User Pays charges as they currently are for resolution of USRVs. The User Pays service would be amended in so far as the timescales at which it would be the Transporters responsibility to resolve the USRV. As such this is 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.	Users will continue to pay the prevailing charges as set out in the Agency Charging Statement (ACS). However, the development costs associated with this modification would not be recovered from Users.
Proposed charge(s) for application of User Pays charges to Shippers.	Development costs associated with this Modification would not be recovered from Users. Ongoing costs will be as per the ACS.
Proposed charge for inclusion in the Agency Charging Statement (ACS) – to be completed upon receipt of a cost estimate from Xoserve.	The existing ACS sets out the recovery of Charges (Service Item 8 refers).

## 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

It is expected that this Modification would further Relevant Objective (f).

The SRV and USRV regime is not required following Project Nexus implementation. However, this modification would allow a reasonable period of time following Project Nexus implementation, for Users and Transporters to seek to resolve and close SRVs and USRVs, which would otherwise be outstanding and enable effective reconciliation where possible, furthering the promotion of 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, subject to no Appeal being raised.

## 6 Impacts

### Does this modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

This modification identifies measures, which are an important pre-requisite for Project Nexus implementation. However, they do not impact the delivery of UK Link systems and support transition from current processes to Project Nexus processes.

#### Pre Project Nexus Implementation

None

#### Project Nexus Implementation

No impact on Project Nexus systems delivery.

#### Post Project Nexus Implementation

None

## 7 Legal Text

### Text Commentary

National Grid have provided Legal Text Commentary as a separate document published alongside this report.

### 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.

#### TRANSITION DOCUMENT, PART IIC

*Insert new paragraph 18 to read as follows:*

#### 18. RESOLUTION OF OUTSTANDING SRVs AND USRVs AT PROJECT NEXUS IMPLEMENTATION DATE

##### 18.1 General

18.1.1 For the purposes of this paragraph 18:

- (a) **"DM Reconciliation", "Individual NDM Reconciliation", "Investigate", "Meter Reading", "Network Code Reconciliation Suppression Guidelines", "relevant Reconciliation Billing Period", "Reconciliation Values", "Suppressed", "Suppressed Reconciliation Value", "User Suppressed Reconciliation Value" and "USRV User"** shall each have the meaning given to such term in the version of the Code in effect on the day preceding the Project Nexus Implementation Date;
- (b) a **"Relevant Suppressed Reconciliation Value"** and a **"Relevant User Suppressed Reconciliation Value"** mean respectively, a Suppressed Reconciliation Value and a User Suppressed Reconciliation Value which remain Suppressed on the day preceding the Project Nexus Implementation Date;

- (c) **"User Resolution Deadline"** and **"Transporter Resolution Deadline"** mean respectively, the date falling six (6) and twelve (12) months after the Project Nexus Implementation Date.

18.1.2 With effect from the Project Nexus Implementation Date:

- (a) the Transporter shall continue to investigate Relevant Suppressed Reconciliation Values;
- (b) the User shall continue to investigate Relevant User Suppressed Reconciliation Values.

18.1.3 Where a Termination Notice has been submitted to a User pursuant to TPD Section V4.3, all Relevant User Suppressed Reconciliation Values for such User which are outstanding at the User Discontinuance Date shall be cancelled and deemed to be void ab initio and no further Reconciliation Values for the Meter Reading Periods to which the User Suppressed Reconciliation Values related shall be invoiced and payable.

## **18.2 Resolution of Relevant User Suppressed Reconciliation Values**

18.2.1 Where a Relevant User Suppressed Reconciliation Value remains Suppressed on the User Resolution Deadline the Transporter will commence an investigation of the Relevant User Suppressed Reconciliation Value and:

- (a) the Transporter shall use its reasonable endeavours to resolve the Relevant User Suppressed Reconciliation Value such that it will cease to be Suppressed before the Transporter Resolution Deadline; and
- (b) such investigation shall be performed by the Transporter as a User Pays Service.

18.2.2 The USRV User will, irrespective of whether it continues to investigate the Relevant User Suppressed Reconciliation Value pursuant to paragraph 18.1.2(b) pay (in accordance with TPD Section S) to the Transporter a User Pays Charge in respect of such User Pays Service.

18.2.3 Where requested by the Transporter for the purposes of assisting it with its investigation:

- (a) the User will provide to the Transporter such additional information which is in its possession and may be reasonably obtained by it;
- (b) the User, which at the time of the request is the Registered User of the Supply Point in respect of the Relevant User Suppressed Reconciliation Value that is the subject of an investigation by the Transporter pursuant to this paragraph 18, will facilitate access to the Supply Point Premises at which the Supply Meter Installation is located for the purposes of enabling the Transporter to obtain a Meter Reading and Meter Information;

and the provisions of TPD Section M4.1 shall apply in respect of any changes identified.

18.2.4 Where the investigation by the Transporter pursuant to paragraph 18.2.1 concludes that:



- (a) there is sufficient information to determine that the Reconciliation User Suppressed Reconciliation Value will cease to be Suppressed, the Transporter will notify the USRV User and use the Relevant User Suppressed Reconciliation Value for the purpose of calculating the relevant Invoice Items in a Reconciliation for the relevant Reconciliation Billing Period (which Invoice Items shall be included in a Reconciliation Invoice submitted by the Transporter within two (2) months of the Transporter Resolution Deadline);
- (b) there is insufficient information to determine that the Relevant Suppressed Reconciliation Value should cease to be Suppressed, the Transporter may, in its discretion, determine that such Relevant User Suppressed Reconciliation Value will not be used for the purpose of calculating the relevant Invoice Items in a Reconciliation for the relevant Reconciliation Billing Period;

and such determination will be final and binding (and the Transporter shall make a determination under paragraph (b) in respect of any Relevant Suppressed Reconciliation Value which remains Suppressed on the Transporter Resolution Deadline).

18.2.5 Where a Reconciliation User Suppressed Reconciliation Value which is the subject of an investigation by a User pursuant to paragraph 18.1.2(b), relates to the same relevant Reconciliation Billing Period as applies to a User Suppressed Reconciliation Value which is the subject of an investigation by the Transporter pursuant to paragraph 18.2.1, paragraph 18.2.3 shall apply in respect of the User Suppressed Reconciliation Value which is the subject of the paragraph 18.1.2(b) investigation.

## 8 Consultation Responses

Of the 7 representations received implementation was unanimously supported.

Representations were received from the following parties:

Organisation	Response	Relevant Objectives	Key Points
British Gas	Support	f) - positive	<ul style="list-style-type: none"> <li>• Support introduction of a transitional process to resolve SRVs and USRVs.</li> <li>• Satisfied with self-governance and legal text.</li> <li>• Agree modification facilitates Relevant Objective f).</li> <li>• Immediate implementation suggested.</li> </ul>
EDF Energy	Support	f) - positive	<ul style="list-style-type: none"> <li>• Support introduction of a transitional process to resolve any remaining SRVs and USRVs post Project Nexus go-live on 01 October 2015.</li> <li>• Satisfied with self-governance and legal text.</li> <li>• Agree modification facilitates Relevant Objective f).</li> <li>• Immediate implementation suggested.</li> </ul>
E.ON	Support	f) - positive	<ul style="list-style-type: none"> <li>• Recognise that the modification enables Transporters to step in and conclude the reconciliation activity in a reasonable timeframe where Users have failed to resolve and close their SRVs / USRVs.</li> <li>• Agree modification facilitates Relevant Objective f).</li> <li>• Satisfied with self-governance and legal text.</li> <li>• Support the proposed implementation timescales.</li> </ul>
Gazprom Energy	Support	f) - positive	<ul style="list-style-type: none"> <li>• Believe that the modification provides a reasonable period during which outstanding SRVs and USRVs can be resolved following Project Nexus implementation.</li> <li>• Satisfied with self-governance.</li> <li>• Agree modification facilitates Relevant Objective f).</li> <li>• Not identified any material costs associated with the modification.</li> <li>• Not reviewed the legal text.</li> <li>• Support the proposed implementation timescales.</li> </ul>
National Grid Distribution	Support	f) - positive	<ul style="list-style-type: none"> <li>• Modification facilitates a measured and orderly elimination of SRVs and USRVs following implementation of Project Nexus on 01 October 2015.</li> <li>• Satisfied with self-governance and legal text.</li> <li>• Agree modification facilitates Relevant Objective f) on the grounds that current Code provisions are due to become redundant under the forthcoming Project Nexus commercial regime, as implemented under UNC Modification 0432 on 01 October 2015, and which this 'transitional' style modification would facilitate an orderly elimination of outstanding reconciliation charge 'filter failures'.</li> <li>• Agree with funding statement contained within the Draft</li> </ul>

			<p>Modification Report.</p> <ul style="list-style-type: none"> <li>• Suggest implementation with effect from 01 October 2015.</li> </ul>
SSE	Support	f) - positive	<ul style="list-style-type: none"> <li>• Agree the SRVs and USRVs need to be resolved in a timely manner following implementation of Project Nexus and this modification allows a reasonable timescale in which to do so.</li> <li>• Satisfied with self-governance and legal text.</li> <li>• Agree modification facilitates Relevant Objective f).</li> <li>• Support the proposed implementation timescales.</li> </ul>
Wales & West Utilities	Support	f) - positive	<ul style="list-style-type: none"> <li>• Believes the modification proposes a reasonable process for removing SRVs and USRVs following Project Nexus go live on 01 October 2015.</li> <li>• Satisfied with self-governance and legal text.</li> <li>• Agree modification facilitates Relevant Objective f).</li> <li>• Agree with the proposal that Transporter resolution of SRVs and USRVs continues to be a User Pays service.</li> <li>• Suggest implementation with effect from 01 October 2015.</li> </ul>

Representations are published alongside the Final Modification Report.

### Additional Information

National Grid Distribution clarified that, with respect to USRVs, upon expiry of the initial 6 months period following the Project Nexus Implementation Date, the Transporters agent Xoserve would seek to resolve these in all cases. Following investigation where sufficient information is found to exist, the USRV would be approved or adjusted to reflect the true reconciliation value, invoice values calculated and issued for the relevant reconciliation billing period based on the approved or adjusted value. Where there is insufficient information available, the USRV cannot be approved or adjusted and as such, to enable resolution, a 'neutral' reconciliation would take place whereby the relevant reconciliation billing period is reconciled based on the gas allocation and therefore would be invoiced as allocated. This represents no change to the present arrangements that are set out in UNC TPD Section E8.4.5.

## 9 Panel Discussions

The Panel Chair summarised that Modification 0515S seeks to establish resolution timescales for Transporter-raised Suppressed Reconciliation Values (SRVs) and User-raised (USRVs) as these processes will be obsolete following the Project Nexus Implementation. He noted that the modification sets out UNC transitional text to ensure the timely resolution of SRVs and USRVs 12 months following the Project Nexus Implementation Date, with invoicing concluded within a further 2 months.

Members considered the representations made noting that, of the 7 representations received, implementation was unanimously supported. Members agreed with respondents and the Proposer that the modification facilitates a measured and orderly elimination of SRVs and USRVs following implementation of Project Nexus and that this would better facilitate relevant objective f), the promotion of efficiency in the implementation and administration of the Code.

Members voted unanimously to implement this self-governance modification.

## 10 Recommendation

### Panel Recommendation

Having considered the Modification Report, the Panel determined:

- that proposed self-governance Modification 0515S should be made.