

0544:

Amendment to charging under Modification 0428 - Single Meter Supply Points

- 01 Modification
- 02 Workgroup Report
- 03 Draft Modification Report
- 04 Final Modification Report

Under Modification 0428 any aggregations which have yet to be disaggregated as at the 01 July 2015, will be actioned by Xoserve and charges will be made to the current Registered User. This modification proposes to direct such charges to a previous Shipper in the situation where a new Shipper inherits an aggregated site post 01 June 2015.



The Proposer recommends that this modification should be:

- be treated as urgent and should proceed as such under a timetable agreed with Ofgem.











High Impact:
Shippers



Medium Impact:
None



Low Impact:
None

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6 Impacts	6	Steve Mulinganie
7 Legal Text	6	 Steve.mulinganie@gazprom-mt.com
8 Recommendation	6	 telephone 0845 873 2284
About this document:		Transporter: National Grid Distribution
The Proposer recommends that this modification follows an Urgent timetable as the effects of Modification 0428 charging will be applied from 01 July 2015 and therefore certainty is required by the industry as soon as possible near to that date, as to which parties will incur Xoserve's charges for disaggregating sites.		 chris.warner@nationalgrid.com
The Proposer recommends the following Urgent timetable:		 01926 653541
Modification submitted to Ofgem for decision on urgent status	30 June 2015	Systems Provider:
UNC Modification Panel view on urgency	06 July 2015	Xoserve
Ofgem decision on urgent status	07 July 2015	 commercial.enquiries@xoserve.com
Draft Modification Report issued for consultation	07 July 2015	
Consultation Close-out for representations	14 July 2015	
Final Modification Report presented to Panel	15 July 2015	
UNC Modification Panel decision	16 July 2015	
Ofgem decision expected week commencing	20 July 2015	
Proposed Implementation date (subject to Ofgem's decision)	27 July 2015	

1 Summary

Is this a Self-Governance Modification?

As this modification affects the allocation of charges it is not proposed to be a Self-Governance Modification, as it may impact competition in the shipping, transportation or supply of gas conveyed through pipes or any commercial activities connected with the shipping, transportation or supply of gas conveyed through pipes.

Is this a Fast Track Self-Governance Modification?

This is not a Fast Track Self Governance modification as it is not proposing a house keeping change.

Why Change?

Currently under Modification 0428 Shippers are required to disaggregate any existing aggregations ahead of 01 July 2015. After this date any remaining aggregations will be actioned by Xoserve on a User Pays basis, with the current Registered System User being charged for Xoserve undertaking the work on the Shipper's behalf. It was expected that Shippers would proactively undertake the disaggregation exercise with Xoserve managing a small residual number of aggregations. However, as the cut-off date approaches it has become apparent that a material number of aggregations, estimated in the tens of thousands of Meter Points, will remain.

Where a new Shipper takes on an existing aggregation after this date then it will be that Shipper who will be charged by Xoserve for carrying out the disaggregation. As the numbers of aggregations are material, then it is likely that a new Shipper will pick up costs, which should more appropriately be targeted at the previous Shipper who has failed to carry out this disaggregation in a timely manner.

Solution

This solution proposes that any User Pays charges incurred as a result of Xoserve undertaking the disaggregation process are charged to the relevant Shipper who was registered to the aggregated Supply Point on 01 June 2015.

For the avoidance of doubt, where Xoserve does not undertake activities on behalf of the Shipper, e.g. an on-going registration is taking place, then no charges will be levied by Xoserve so the provisions of this modification will not apply.

Relevant Objectives:

This modification aims to target costs at the relevant Shipper who, by not taking action in a timely manner, has led to the cost being incurred, thus furthering relevant objective d) Securing of effective competition between relevant shippers.

Implementation

As Urgent procedures are proposed, implementation should be as soon as possible after an Authority decision to do so.

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

No impacts are anticipated.

2 Why Change?

Under Modification 0428 Shippers are required to disaggregate any existing aggregations ahead of 01 July 2015. After this date any remaining aggregations will be actioned by Xoserve on a User Pays basis with the current Registered System User being charged for Xoserve undertaking the work on the Shipper's behalf. It was expected that Shippers would proactively undertake the disaggregation exercise with Xoserve managing a small residual number of aggregations. However, as the cut-off date approaches it has become apparent that a material number of aggregations, estimated in the tens of thousands of Meter Points, will remain.

Where a new Shipper takes on an existing aggregation after this date then it will be that Shipper who will be charged by Xoserve for carrying out the disaggregation. As the number of aggregations will remain material, estimated in tens of thousands, it is likely that a new Shipper will pick up costs which should more appropriately be targeted at the previous Shipper who has failed to carry out this disaggregation in a timely manner.

3 Solution

This solution proposes that any User Pays charges incurred as a result of Xoserve undertaking the disaggregation process are charged to the relevant Shipper who was registered to the aggregated Supply Point on 01 June 2015, to allow for disaggregations within the switching process.

For the avoidance of doubt these costs are to be retrospectively applied should this modification be implemented after 01 July 2015.

The existing User Pays elements of the Agency Charging Statement implemented by Modification 0428 should be amended accordingly.

For the avoidance of doubt, where Xoserve does not undertake activities on behalf of the Shipper, e.g. an on-going registration is taking place, then no charges will be levied by Xoserve so the provisions of this modification will not apply.

User Pays	
Classification of the modification as User Pays, or not, and the justification for such classification.	This is a User Pays modification as it proposes to amend how User Pays charges are allocated.
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% targeted on Shippers that do not undertake the appropriate activities by 01 June 2015.
Proposed charge(s) for application of User Pays charges to Shippers.	Charge per confirmation (action) undertaken on behalf of the Shipper.

Proposed charge for inclusion in the Agency Charging Statement (ACS) – to be completed upon receipt of a cost estimate from Xoserve.	To remain as proposed for Modification 0428.
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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.	Positive
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.	None
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

Targeting costs at the relevant party ensures that parties are correctly charged for Xoserve having to undertake the disaggregation of aggregated meter points, which should have been planned or undertaken by 01 June 2015 by the incumbent Shipper. Therefore this modification furthers relevant objective d) Securing of effective competition between relevant Shippers.

5 Implementation

As Urgent procedures are proposed, implementation should be as soon as possible after an Authority decision to do so.

6 Impacts

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

No impacts have been identified or are anticipated should this modification be implemented.

7 Legal Text

Text

The Proposer believes no changes to Code are required as this is purely an amendment to the User Pays arrangements and therefore no Text is required. However, this is to be confirmed by Transporters.

8 Recommendation

The Proposer requests the Authority to agree that this modification should follow Urgent procedures.