

Stage 03: Draft Modification Report

At what stage is this document in the process?

0545S:

Changes to GDN MOD186 Publication dates

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

By moving the publication date and associated DCMF meetings, it is aimed to align the reporting timetable to when finalised data has become available. The recommended solution will be a better “fit” to the RIIO Annual Iteration timetable and also when pricing publications are completed.



Responses invited by 08 October 2015.









High Impact:
None



Medium Impact:
None



Low Impact:
Transporters and Shippers

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About this document:		 commercial.enquiries@xoserve.com												
<p>This Draft Modification Report is issued for consultation responses, at the request of the Panel on 17 September 2015. All parties are invited to consider whether they wish to submit views regarding this self-governance modification.</p> <p>The close-out date for responses is 08 October 2015, which should be sent to enquiries@gasgovernance.co.uk. A response template, which you may wish to use, is at www.gasgovernance.co.uk/0545.</p> <p>The Panel will consider the responses and agree whether or not this self-governance modification should be made.</p>														
<p>The Workgroup recommends the following timetable:</p> <table border="1"> <tbody> <tr> <td>Initial consideration by Workgroup</td> <td>28 July 2015</td> </tr> <tr> <td>Workgroup Report presented to Panel</td> <td>04 September 2015</td> </tr> <tr> <td>Draft Modification Report issued for Consultation</td> <td>17 September 2015</td> </tr> <tr> <td>Consultation Close-out for representations</td> <td>08 October 2015</td> </tr> <tr> <td>Final Modification Report presented to Panel</td> <td>09 October 2015</td> </tr> <tr> <td>UNC Modification Panel decision</td> <td>15 October 2015</td> </tr> </tbody> </table>			Initial consideration by Workgroup	28 July 2015	Workgroup Report presented to Panel	04 September 2015	Draft Modification Report issued for Consultation	17 September 2015	Consultation Close-out for representations	08 October 2015	Final Modification Report presented to Panel	09 October 2015	UNC Modification Panel decision	15 October 2015
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UNC Modification Panel decision	15 October 2015													

1 Summary

Is this a Self-Governance Modification?

The Modification Panel determined that this modification should follow Self Governance procedures as it is mainly of an administrative nature as it is only realigning reporting dates, therefore it is unlikely to have a material effect on: gas consumers, 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 or the uniform network code governance procedures or the network code modification procedures.

The Workgroup agreed with the Modification Panels view on Self Governance as this modification is mainly administrative in nature.

Why Change?

The current publication dates for the quarterly MOD186 pricing statements are misaligned with when final information is available, resulting in the need to explain variances between publications.

By changing the publication dates (and associated Transporter/Shipper meeting dates) it would result in fewer assumptions having to be made, resulting in less time needed explaining variations between assumed and actual costs.

Solution

It is proposed to change the reporting dates in the UNC to allow:

1. Gas Distribution Networks (GDN) continue to report to the existing quarterly definitions outlined in the UNC.
2. Change the wording of section TPD V5.13.1(g) to the following: *(changes in red text insert the word "by" and remove "of the second calendar month")*

"Required Date" shall mean by the 10th Business Day of the ~~of the second calendar month~~ following the end of the Quarter for which the information prescribed in Annex V4 is being provided.

Relevant Objectives

It is felt this modification would better achieve relevant objective f) in the UNC of "Efficiency in administration of the network code". By changing the publication and meeting dates it will be possible to include finalised values instead of forecast values, which provides certainty.

Implementation

No implementation timescales are proposed, however if this modification were approved publication and meeting dates would need to be realigned to the new timetable. This would need to be discussed with shippers at the DCMF for approval.

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

No impacts identified.

2 Why Change?

The current publication dates for the quarterly MOD186 pricing statements are misaligned with when final information is available, resulting in the need to explain variances between publications. Examples of this are:

- MODt adjustment, published by Ofgem in November annually, after the MOD186 publication in October.
- Latest Inflation and Interest forecasts, published by HM Treasury in November annually, also after the MOD186 October statement.
- Final pricing statements published at the end of January annually - after the January MOD186 publication.

By changing the publication dates (and associated GDN/Shipper meeting dates) it would result in fewer assumptions having to be made, resulting in less time needed explaining variations between assumed and actual costs.

3 Solution

It is proposed to change the reporting dates in the UNC to allow:

1. GDNs continue to report to the existing quarterly definitions outlined in the UNC.
2. Change the wording of section TPD V 5.13.1(g) to the following: *(changes in red text - insert the word "by" and remove "of the second calendar month")*

"Required Date" shall mean by the 10th Business Day ~~of the second calendar month~~ following the end of the Quarter for which the information prescribed in Annex V4 is being provided.

A summary of the proposed timetable is shown below:

Proposed Solution		
Existing UNC Quarter Definition	GDN Mod186 Publication Date	DCMF GDN/Shipper meeting date
Ending November	10 th business day of December	Most likely 1 st full week of new year
<i>(changing to this publication date ensures the finalised "MOD" value is included calculated by Ofgem by end of November)</i>		
Ending February	10 th business day of March	Last week of March
<i>(changing to this publication date ensures the final prices for the following regulatory year are included as published on the 31st January each year)</i>		
Ending May	10 th business day of June	Last week of June
Ending August	10 th business day of September	Last week of September
<i>Note : If shippers require any information between the revised September and December quarterly mod186 updates above this could be taken from the 150 day indicative price change statements issued on the 31st October each year</i>		

User Pays	
Classification of the modification as User Pays, or not, and the justification for such classification.	No User Pays service would be created or amended by implementation of this modification and it is not, 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.	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.	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.	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 felt this modification would better achieve relevant objective f) "Efficiency in administration of the network code". By changing the publication and meeting dates it will be possible to include finalised values instead of forecast values and therefore remove any doubt about potential amendments when the final reports are published.

Panel members also considered that having more certainty of transporter revenues would improve the ability of shippers to price their consumer contracts accurately, which would be likely to further objective d) Securing of effective competition between relevant shippers.

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.

If this modification is approved, publication and meeting dates would need to be realigned to the new timetable and this would need to be discussed with shippers at the DCMF for approval.

6 Impacts

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

No impacts identified.

7 Legal Text

Text Commentary

The current wording in the UNC says the “second” calendar month – the solution recommended above wants to replace this with the “next” calendar month. Also introduce the words “no later than” so it is clear that the report deadline is the 10th working day but can be published earlier if the user wishes to do so.

This means that the mod186 report will be published no later than the 10th business day following the end of the quarter, or earlier if the GDN wishes to do so.

Text

The following Text has been prepared by Northern Gas Networks, and no issues were raised by the Workgroup regarding its content.

TPD section V5.13.1(g) should be amended to the following: (changes in red text – insert the word “by” and remove “of the second calendar month”)

“**Required Date**” shall mean by the 10th Business Day ~~of the second calendar month~~ following the end of the Quarter for which the information prescribed in Annex V4 is being provided.

8 Recommendation

The Panel have recommended that this report is issued to consultation and all parties should consider whether they wish to submit views regarding this self-governance modification.