










Stage 01: Request		At what stage is this document in the process?
<h1>0575R:</h1> <h2>Consider the Performance Assurance Reporting Requirements for Transporters</h2>		<div style="display: flex; flex-direction: column; align-items: flex-start;"> <div style="border: 1px solid #800040; border-radius: 5px; padding: 5px; margin-bottom: 5px; display: flex; align-items: center;"> 01 Request </div> <div style="border: 1px solid #008080; border-radius: 5px; padding: 5px; display: flex; align-items: center;"> 02 Workgroup Report </div> </div>
<p>Consider reporting requirements of Transporter Performance to be used under a Performance Assurance Framework, taking account of the risks identified in the Engage Consulting study of settlement risk and the reporting carried out by the Transporters in relation to metering.</p>		
	The Proposer recommends that this request should be assessed by a Workgroup	
	High Impact: None	
	Medium Impact: Distribution Network Operators (DNOs)	
	Low Impact: Shippers	

Contents		 Any questions?
1 Request	3	Contact: Code Administrator
2 Impacts and Costs	4	 enquiries@gasgovernance.co.uk
3 Terms of Reference	7	 0121 288 2107
4 Recommendation	7	Proposer: Angela Love
About this document:		 angela.love@scottishpower.com
<p>This document is a Request, which will be presented by the Proposer to the Panel on 17th March 2016.</p> <p>The Panel will consider the Proposer's recommendation, and agree whether this Request should be considered by Panel or be referred to a Workgroup for review.</p> <p>The Proposer recommends the following timetable:</p> <p>Initial Panel consideration of the Request 17 March 2016</p> <p>Workgroup Assessment phase complete by end of May 2016</p> <p>Panel consideration of Workgroup Report at 16 June 2016</p>		 07725 999391

1 Request

Why is the Request being made?

Ofgem recently approved Modification 0506V which established a Performance Assurance framework. Under this modification proposal it is recognised that Transporter, Shipper and the Transporters' Agent performance should be subject to performance monitoring to understand activities that impact on settlement accuracy (potentially with a view to incentivising performance). Through the extensive development of the Performance Assurance framework, a study was instructed by Ofgem to look at the risks to settlement accuracy post-Nexus. Within the output from that study¹ it was recognised that there could be risk imposed on the settlement process through performance of the Gas Transporters.

Specifically within this report there were two risks that related to the Transporters:

- Identified LDZ Offtake Metering Error
- Undetected LDZ Offtake Metering Error

The Proposer met with Scotia Gas Networks in December 2015 to consider the regime around offtake metering, following discussion at the Performance Assurance Workgroup about a potential modification to look at Transporter reporting under the Performance Assurance arrangements. The Proposer also had brief discussions with National Grid and Wales and West Utilities about the regimes presently deployed.

Whilst the Transporters have checks in place around Offtake meters there is no general visibility of the regime to allow Shippers to understand this or give assurance of how these checks are being performed to ensure that the potential for metering errors is minimised. In addition the Transporters have advised that they are replacing orifice plate meters with new technology and therefore it is an opportune time to understand the change to the regime that the Transporters are proposing to deploy and any amendments that they are making to the monitoring/assurance regime.

Scope

It is proposed that the Review should consider all forms of offtake metering and understand the current and proposed regime of checks under both the Offtake Arrangements Document, Measurement Error Notification Guidelines, the audit arrangements that the Transporters and National Grid Transmission have in place and the work of the Gas Examiner. This will allow a picture of the landscape of checks to be set out for Shippers. To conclude the work it is proposed that recommendations are made around best practice and what the Gas Transporter reporting under the Performance Assurance Framework should look like.

Impacts & Costs

To be identified.

Recommendations

It is proposed that this Request is sent to the Offtake Arrangements Workgroup for consideration.

Additional Information

None

¹http://www.gasgovernance.co.uk/sites/default/files/Gas%20Market%20Settlements%20Risks%20Quantification%20Section%202%20%20V2.0_Final.pdf

2 Impacts and Costs

Consideration of Wider Industry Impacts

No impacts are anticipated to the wider industry, however there may be changes proposed to the Transporter management of meter inspections and reporting following this review.

Impacts

Impact on Transporters' Systems and Process	
Transporters' System/Process	Potential impact
UK Link	<ul style="list-style-type: none">• None
Operational Processes	<ul style="list-style-type: none">• There may be potential changes, depending on the identification of best practice between the Gas Distribution Networks
User Pays implications	<ul style="list-style-type: none">• None

Impact on Users	
Area of Users' business	Potential impact
Administrative and operational	<ul style="list-style-type: none">• None
Development, capital and operating costs	<ul style="list-style-type: none">• None
Contractual risks	<ul style="list-style-type: none">• None
Legislative, regulatory and contractual obligations and relationships	<ul style="list-style-type: none">• None

Impact on Transporters	
Area of Transporters' business	Potential impact
System operation	<ul style="list-style-type: none">• None
Development, capital and operating costs	<ul style="list-style-type: none">• There may be an increase in operational costs
Recovery of costs	<ul style="list-style-type: none">• None
Price regulation	<ul style="list-style-type: none">• None
Contractual risks	<ul style="list-style-type: none">• None
Legislative, regulatory and contractual obligations and relationships	<ul style="list-style-type: none">• None
Standards of service	<ul style="list-style-type: none">• None

Impact on Code Administration	
Area of Code Administration	Potential impact
Modification Rules	<ul style="list-style-type: none"> None
UNC Committees	<ul style="list-style-type: none"> Offtake
General administration	<ul style="list-style-type: none"> None

Impact on Code	
Code section	Potential impact
	<ul style="list-style-type: none"> Offtake Arrangements Document
	<ul style="list-style-type: none"> TPD Section V16 (Performance Assurance Arrangements)

Impact on UNC Related Documents and Other Referenced Documents	
Related Document	Potential impact
Network Entry Agreement (TPD I1.3)	<ul style="list-style-type: none"> None
Network Exit Agreement (Including Connected System Exit Points) (TPD J1.5.4)	<ul style="list-style-type: none"> None
Storage Connection Agreement (TPD R1.3.1)	<ul style="list-style-type: none"> None
UK Link Manual (TPD U1.4)	<ul style="list-style-type: none"> None
Network Code Operations Reporting Manual (TPD V12)	<ul style="list-style-type: none"> None
Network Code Validation Rules (TPD V12)	<ul style="list-style-type: none"> None
ECQ Methodology (TPD V12)	<ul style="list-style-type: none"> None
Measurement Error Notification Guidelines (TPD V12)	<ul style="list-style-type: none"> Potential Impact
Energy Balancing Credit Rules (TPD X2.1)	<ul style="list-style-type: none"> None
Uniform Network Code Standards of Service (Various)	<ul style="list-style-type: none"> None

Impact on Core Industry Documents and other documents	
Document	Potential impact
Safety Case or other document under Gas	<ul style="list-style-type: none"> None

Impact on Core Industry Documents and other documents	
Safety (Management) Regulations	
Gas Transporter Licence	<ul style="list-style-type: none"> None

Other Impacts	
Item impacted	Potential impact
Security of Supply	<ul style="list-style-type: none"> None
Operation of the Total System	<ul style="list-style-type: none"> None
Industry fragmentation	<ul style="list-style-type: none"> None
Terminal operators, consumers, connected system operators, suppliers, producers and other non code parties	<ul style="list-style-type: none"> None

3 Terms of Reference

Background

Ofgem recently approved Modification 0506V which established a Performance Assurance framework. Under this modification proposal it is recognised that Transporter, Shipper and the Transporters' Agent performance should be subject to performance monitoring to understand activities that impact on settlement accuracy (potentially with a view to incentivising performance). Through the extensive development of the Performance Assurance framework, a study was instructed by Ofgem to look at the risks to settlement accuracy post-Nexus. Within the output from that study² it was recognised that there could be risk imposed on the settlement process through performance of the Gas Transporters.

Specifically within this report there were two risks that related to the Transporters:

- Identified LDZ Offtake Metering Error
- Undetected LDZ Offtake Metering Error

Whilst the Transporters have checks in place around Offtake meters there is no visibility of the regime to allow Shippers to understand this or give assurance of how these checks are being performed to ensure that the potential for metering errors is minimised. In addition the Transporters have advised that they are replacing orifice plate meters with new technology and therefore it is an opportune time to understand the change to the regime that the Transporters are proposing to deploy and any changes to the monitoring/assurance regime.

Topics for Discussion

Workgroup 1 – Information Gathering

- Background to the Offtake Arrangements Document and reporting
- Review of Measurement Error Notification Guidelines published at <http://www.gasgovernance.co.uk/OADDOcs>
- Review of the Engage Report of Settlement Risk
- Update of new technology solutions being introduced for offtake metering
- Details of the inspection regime for each Gas Distribution Network
- Summary of existing incentives/reporting mechanisms

Workgroup 2 – agreeing the basic requirements and options analysis

- Agreement of any areas where best practice can be adopted
- Review of Performance Assurance Reporting requirements

²http://www.gasgovernance.co.uk/sites/default/files/Gas%20Market%20Settlements%20Risks%20Quantification%20Section%202%20V2.0_Final.pdf

- Identification of preferred options/solutions
- Determine any cost implications and other impacts

Workgroup 3 – finalising options and solutions

- Agreement of preferred options/solutions
- Finalise assessment of implementation costs of any solutions

Workgroup 4 – reporting

- Completion of Workgroup report

Outputs

Produce a Workgroup Report for submission to the Modification Panel, containing the assessment and recommendations of the Workgroup including a draft modification where appropriate.

Composition of Workgroup

The Workgroup is open to any party that wishes to attend or participate. The Proposer understands that the Gas Distribution Networks all operate different procedures and therefore believes that it will be important for each company to be represented and present to the workgroup to allow an assessment of best practice to occur.

A Workgroup meeting will be quorate provided at least two Transporter and two User representatives are present.

Meeting Arrangements

Meetings will be administered by the Joint Office and conducted in accordance with the Code Administration Code of Practice

4 Recommendation

The Proposer invites the Panel to:

- DETERMINE that Request 0575 progress to Workgroup for review.