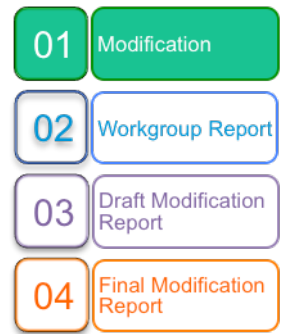













0580VS:

Implementation of Non Effective Days to enable Annual AQ Review (independent of Nexus transition)



The volume of data processed to support the Annual AQ process is significant. There is insufficient time to ensure that all AQ data is processed and consistently populated across UK Link Systems and to Users. This modification seeks to introduce Non Effective Days in order to facilitate this review.

| | |
|---|---|
|  | <p>The Proposer recommends that this varied modification should be:</p> <ul style="list-style-type: none"> Considered as a non-material variation and proceed to determine whether it should be implemented. |
|  | <p>High Impact: Transporters, Shipper Users, Suppliers</p> |
|  | <p>Medium Impact: None</p> |
|  | <p>Low Impact: None</p> |

| Contents | |  Any questions? |
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| 1 Summary | 3 | Contact: Code Administrator |
| 2 Why Change? | 3 |  enquiries@gasgovernance.co.uk |
| 3 Solution | 4 |  0121 288 2107 |
| 4 Relevant Objectives | 5 | Proposer: Hilary Chapman |
| 5 Implementation | 6 |  Hilary.Chapman@SGN.co.uk |
| 6 Impacts | 6 |  07749 983 418 |
| 7 Legal Text | 6 | Transporter: SGN |
| 8 Recommendation | 7 | Systems Provider: Xoserve |
| About this document: | |  commercial.enquiries@xoserve.com |
| This modification was varied by the proposer on 12 July 2016. | | Additional contacts: David Addison |
| The Proposer recommends the following timetable: | |  David.Addison@xoserve.com |
| Initial consideration by Workgroup | 28 April 2016 | |
| Workgroup Report presented to Panel | 19 May 2016 | |
| Draft Modification Report issued for consultation | 19 May 2016 | |
| Consultation Close-out for representations | 10 June 2016 | |
| Final Modification Report published for Panel | 13 June 2016 | |
| Variation Request presented to Panel | 21 July 2016 | |
| Supplemental Workgroup Report presented to Panel | 21 July 2016 | |
| Final Modification Report available for Panel | 21 July 2016 | |
| Modification Panel decision | 21 July 2016 | |

1 Summary

Is this a Self-Governance Modification?

Self Governance procedures are proposed as early clarity on the number of non-effective days allows shippers to plan for effective switching, removing the potential for a material impact on consumers or competition.

Is this a Fast Track Self-Governance Modification?

No, because this is not a housekeeping change.

Why Change?

Without this modification the prescribed timescales in the UNC do not allow enough time to process the significant volumes of data necessary to manage the Annual AQ review. SGN are raising this modification on behalf of industry parties in order to enable efficient management of the Annual AQ review activities.

Solution

This modification proposes that four Non Effective Days are introduced between 27th and 30th September 2016.

Relevant Objectives

It is proposed that this will have a positive effect on the efficient discharge of the licensee's obligations avoiding significant performance changes to central systems and ensuring that industry data is propagated to the relevant Transporter and User systems.

Implementation

No implementation timescales are proposed. However, this modification could be implemented upon direction and it would be desirable if this modification were implemented as soon as possible to add certainty to the process.

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

This modification does not impact a Significant Code Review.

2 Why Change?

The timescale between the Objection Deadline and the Supply Point Registration Date (commonly referred to as the confirmation period) is 2 business days. These 2 days allow a period where the change of shipper event is confirmed – i.e. it cannot be stopped – and therefore industry participants can undertake activities in preparation for the Supply Point Registration Date.

In normal operation this period is sufficient that the data can be collated from the Supply Point Administration element of UK Link Systems and provided to Gemini to ensure that the demand attribution can run effectively and that this data is viewable to Users at D-1.

During the AQ review process a significant proportion of the Supply Meter Points have AQs recalculated resulting in significant data updates. This requires additional time to collate, validate and propagate the data between the two elements of the UK Link system. Consistent with the AQ Review Process in 2015 (UNC Modification 0535 refers), it is proposed that Non Effective days are added in order to provide sufficient time to process the large volumes of data.

The impact of not making this change will mean that the Gemini will not be able to publish robust Demand figures for NDM sites therefore this would pose significant risks to Energy Balancing processes and consequently individual User positions.

3 Solution

In order to provide sufficient time to process the large volumes of data, four Non Effective days are required. This modification proposes that four Non Effective Days are introduced between 27th – 30th September 2016. Following industry discussion, it has been agreed that four Non Effective Days are required as this is the minimum period required to process the required data.

The effect of the Non Effective days will primarily bring forward the Objection Deadline to Thursday 22nd September 2016 for change of shipper events where the Supply Point Registration Date is within the critical processing period and the User has submitted the confirmation with the minimum timescales.

This solution enables the Transporter Agency to generate the relevant flows and validate them.

This solution does not impact the minimum switching timescales as this – following Faster Switching – is based upon a minimum number of calendar days having expired. For confirmations that are in progress, with the minimum timescales, it does reduce the objection period for the impacted confirmations.

By setting these dates as Non Effective this will mean that files will not be processed during this time.

It is proposed that the Non Effective days would apply to the following processes in UNC section G and M. The following processes and communications would be impacted as a result of the Non Effective days:

- Supply Point Enquiry
- Supply Point Nomination
- Supply Point Offer
- Supply Point Confirmation
- Supply Point Objection
- Supply Point Withdrawal
- Request for Isolation
- Application to Increase or Reduce Supply Point Capacity
- NDM Meter Readings
- Meter Information Notifications and Meter Information Update Notifications
- Revisions to AQ – ‘New Business’ Large Supply Point Appeals

Supply Point Confirmations can become effective on these Non Effective days.

These Non Effective days shall not constitute Supply Point System Business Days for the purposes of the above processes.

Relief from DM Liabilities is not required.

Liability relief related to the processes described above being subject to the Non Effective Days – i.e. Supply Point Offers, Supply Point Nominations (specifically Referrals) and updates to the Supply Point Register where the Meter Installation Works is completed by the Transporter.

| 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. | 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 |

This modification will further relevant objective f), Promotion of efficiency in the implementation and administration of the Code. It will allow the Transporter Agency sufficient time to validate and propagate information within UK Link Systems and to Users within the required timescales. The solution proposed eliminates significant changes to central systems that would have otherwise been required to support 0477 – i.e. to enable the confirmation period and provision of data to Gemini on the same day. Such performance changes from the previous five day window (from D-7, the previous objection deadline, to D-2 when the data is passed to Gemini) to same day processing would have required considerable time to conduct analysis and after implementation may not have delivered the necessary enhancements. This might have only been identified once significant investment had been expended.

5 Implementation

No implementation timescales are proposed. However, this modification could be implemented upon direction and it would be desirable if this modification were implemented as soon as possible to add certainty to the process.

6 Impacts

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

This modification does not impact a Significant Code Review.

7 Legal Text

Text Commentary

The legal text for this modification seeks to suspend relevant sections of code to enable the Annual AQ review to take place on the 27th, 28th, 29th and 30th September 2016.

Text

The Transition Document Part II C shall be amended by removing the existing paragraph 3 and replacing it with the following new paragraph 3:

3 IMPLEMENTATION OF NON-EFFECTIVE DAYS TO ENABLE ANNUAL AQ REVIEW

- 3.1 In order to enable the annual AQ review 27th, 28th, 29th and 30th September 2016 shall be deemed not to be Supply Point System Business Days for the purposes of:
- a. paragraph 1.6.11 of TPD Section G;
 - b. paragraph 1.8.4 of TPD Section G;
 - c. paragraph 1.17.8 of TPD Section G;
 - d. paragraph 2.3.4 of TPD Section G;
 - e. paragraph 2.4.6 of TPD Section G;
 - f. paragraph 2.5.8 of TPD Section G;
 - g. paragraph 2.5.11 of TPD Section G;
 - h. paragraph 2.6.3 of TPD Section G;

- i. paragraph 2.7.5 of TPD Section G;
- j. paragraph 2.8.1 of TPD Section G;
- k. paragraph 2.8.3 of TPD Section G;
- l. paragraph 2.8.5 of TPD Section G;
- m. paragraph 3.1.5 of TPD Section G;
- n. paragraph 3.2.4 of TPD Section G;
- o. paragraph 3.3.1 of TPD Section G;
- p. paragraph 3.3.2 of TPD Section G;
- q. paragraph 3.5 of TPD Section G;
- r. paragraph 4.1 of TPD Section G;
- s. paragraph 5.1.5 of TPD Section G;
- t. paragraph 5.1.6 of TPD Section G;
- u. paragraph 5.1.10 of TPD Section G;
- v. paragraph 5.6.5 of TPD Section G;
- w. paragraph 3.2.3 of TPD Section M;
- x. paragraph 3.2.6 of TPD Section M;
- y. paragraph 3.2.7 of TPD Section M;
- z. paragraph 3.2.9 of TPD Section M;
- aa. paragraph 3.2.11 of TPD Section M;
- bb. paragraph 3.2.15 of TPD Section M;
- cc. paragraph 3.2.16 of TPD Section M;
- dd. paragraph 3.3.4 of TPD Section M;
- ee. paragraph 3.3.7 of TPD Section M;
- ff. paragraph 3.8.2 of TPD Section M;
- gg. paragraph 3.8.3 of TPD Section M;
- hh. paragraph 3.8.4 of TPD Section M; and
- ii. paragraph 3.8.5 of TPD Section M

8 Recommendation

The Proposer invites the Panel to:

- Consider the variation request.
- Note that all linkages to Project Nexus Implementation Date have been removed.
- Determine that the reduction in non-effective days represents a non-material change to the modification.
- Proceed to determine whether the varied modification should be implemented or not.