

UNC Workgroup 0736 Minutes
Clarificatory change to the AQ amendment process within TPD G2.3
Thursday 24 September 2020
via Microsoft Teams

Attendees		
Kate Elleman (Chair)	(KE)	Joint Office
Helen Bennett (Secretary)	(HB)	Joint Office
Andy Clasper	(AC)	Cadent
Carl Whitehouse	(CW)	Shell Energy
Chris Hooper	(CH)	E.ON Energy
David Addison	(DA)	Xoserve
David Mitchell	(DM)	SGN
David O'Neill	(DON)	Ofgem
Ellie Rogers	(ER)	Xoserve
Fiona Cottam	(FC)	Xoserve
Fraser Mathieson	(FM)	SPAA/Electralink
Gareth Evans	(GE)	ICoSS
Guv Dosanjh	(GD)	Cadent
Heather Ward	(HW)	Energy Assets
Kirsty Dudley	(KD)	E.ON
Lorna Lewin	(LL)	Orsted
Max Lambert	(ML)	Ofgem
Oorlagh Chapman	(OC)	Centrica
Phil Lucas	(PL)	National Grid
Richard Pomroy	(RP)	Wales & West Utilities
Rose Kimber	(RK)	CNG Ltd
Steve Britton	(SBr)	Cornwall Insights
Steve Mulinganie	(SM)	Gazprom Energy
Tracey Saunders	(TS)	Northern Gas Networks

Copies of all papers are available at: <https://www.gasgovernance.co.uk/0736/240920>

The Workgroup Report is due to be presented at the UNC Modification Panel by 17 December 2020.

1.0 Outline of Modification

AC provided an outline to the Modification and talked Workgroup through the presentation that was provided to UNC Panel on 17 September 2020.

Why Change

AC explained that this Modification has been raised as he believes the current drafting of *Modification 0432 - Project Nexus – Gas Demand Estimation, Allocation, Settlement and Reconciliation reform* Business Requirements Definition (BRD) document does not fully address the intent of Modification 0432 and requires clarification in which circumstances reason code 3 can be used under the terms of TPD G2.3.24 (b).

AC advised that the intent of the eligible cause, which is currently outlined in TPD G2.3.21 (c), (reason code 3), was to only allow AQ amendments to be submitted following a Change of Supplier and not, as has been identified, switching changes within the same organisation.

Solution

AC explained that he intends to amend TPD G2.3.24 (b) to clarify that the AQ amendment process for reason code 3 cannot be used when the Supply Point has moved between Shipper Users within the same organisation and there will be a requirement for Shippers to advise the CDSP of their grouped companies and to ensure any ongoing changes are also communicated to the CDSP.

AC stated that it is his intention to keep the solution to the Modification fairly simple.

Steve Mulinganie (SM) suggested that a legal opinion would be helpful, AC confirmed he is in discussion with Dentons and that it is his intention to further clarify the 50% affiliate in Annex D2, the 33.3% around assignments and the 10% TPD V around confidentiality.

KE asked, if the intention of this modification is to define the terminology of grouped and affiliate, and if so, there could be a number parts of the UNC that would need to change. AC clarified that he is only looking at amending G2.

SM suggested there are differing views of the % quoted by AC and asked what is determined to be the relevant %. AC agreed to provide a summary of what is currently in UNC.

Referring to the Solution, AC clarified the three Business Rules for this Modification:

BR1: A change is required to UNC TPD G2.3.24(b) to disallow a User making an AQ amendment under TPD G2.3.21(c) where the outgoing User is in the same group, e.g. it is the incoming Users parent, a subsidiary of the incoming User or sister company, i.e. with the same parent as the outgoing User.

BR2: Until Shippers have confirmed group details to the CDSP (this should include where they are grouped or confirmation they do not have a group), any User submitted AQ Corrections utilising reason code 3 (TPD G2.3.21(c)) will not be classed as valid.

BR3: Where there is a change or amendment to any group arrangements, the Shipper is responsible for notifying the CDSP of such change.

For avoidance of doubt, if following an AQ Correction using reason code 3, the CDSP undertake an investigation and it is identified the AQ Correction is invalid, the AQ Correction can be cancelled.

Workgroup discussed the Business Rules:

BR1 – AC confirmed this is as discussed.

BR2 – It is intended that CDSP will create a table which will have every group for every Shipper, including Shipper IDs and which group they are in. The Shipper should notify CDSP if they are not in a group

BR3 - there is a requirement for this Business Rule to be amended to be more explicit, this only applies to BR1 in that it will remain as a User responsibility to notify CDSP.

AC added that where a change to Shipper User groupings had not been notified the an AQ correction would be accepted; AC confirmed that this modification does not go into any mechanisms for unpicking, (retrospection).

Ellie Rogers (ER) suggested a slight amendment to the statement in italics, in order to capture the cancelling of an AQ amendment if amendment goes through and goes live but the Shipper did not give the obligations, so it should not have gone live. AC agreed to amend the wording 'the AQ correction can be rejected and/or reversed'.

ER clarified that implementation of this would be as soon as practicably possible with a supporting manual process. In the future, if there is a wider AQ review, a system solution could be picked up as part of that.

David O'Neill (DON) sought clarification on what would happen if this situation arises before this modification is implemented (if approved) into the UNC given this modification seeks to *clarify* (rather than change the intent of) the UNC. SM stated that in his opinion the User would be compliant with the current wording in UNC in that scenario.

ER said that if more were submitted, and the alternative (0736A) to this Modification was implemented then the process would be reversed.

SM further added that until there is a change to UNC, any party can practice this scenario and would be conforming to current UNC arrangements.

AC confirmed that there are three Workgroup meetings before this Modification and its alternative are due to report to Panel. The expectation is that agreement can be reached on the correct % for affiliate; assignments and confidentiality over this period.

GD advised that it is possible for a party to have been compliant with the current working of UNC and acting in good faith, this Modification is to clarify the intent of the code and that he hoped Users would adhere to the, now publicised, intent of the code.

SM added, until this Modification is approved, there is no contractual change to the UNC.

AC clarified this Modification is only addressing AQ amendments relating to reason code 3 as it the only reason code that relates to the User. SM advised there have been a large quantity of AQ amendments made under reason code 2 too.

RP asked Workgroup to consider giving PAC the role of arbiter, deciding if something is valid or not, a kind of decision making role. The data would need to be anonymised but that might be a way for the industry to self-govern itself.

In conclusion, AC confirmed that Cadent will look at all reason codes but clarified that the intent of this Modification was to only consider reason code 3 in order to address an immediate issue quickly.

New Action 0901: Cadent (AC) to provide a summary for the minutes of what is currently in UNC and what their use is with regards to 50% affiliate in Annex D2, the 33.3% around assignments and the 10% TPD V around confidentiality.

Post meeting update:

Affiliate is a current defined term within the UNC (General Terms C 2.9.7) and is referenced against in three distinct areas of code.

- DSC Committee Representation – GT D Annex D-2 – Shipper User Group references a **50%** Affiliate level
- Assignment – GT B 6.1.1(a) – **33 1/3%** is referenced as the level at which a User may assign certain UNC rights
- Protected information, confidentiality – TPD V 5.1.1(a)(ii) and 5.2.1(a)(iii) – **10%** is the set Affiliate level at which Transporters and Users can disclose Protected Information.

New Action 0902: All shippers to consider what level of % affiliate was appropriate and provide views to the proposer as to what/why at or ahead of the next workgroup.

New Action 0903: Cadent (AC) to make amendment to the wording of Business Rule 1 to define the meaning of grouping / affiliate etc

New Action 0904: Once Cadent have provided the summary of what is currently in UNC and what their use is with regards to New Action 0902, Shippers are to consider which option is more suitable.

New Action 0905: CDSP (DA) and Cadent (AC) to review the financial impact of Users utilising reason code 2 and 4.

2.0 Initial Discussion

2.1. Issues and Questions from Panel

None raised.

2.2. Initial Representations

None received.

2.3. Terms of Reference

The standard UNC Workgroup Terms of Reference will apply and is available at www.gasgovernance.co.uk/mods

3.0 Next Steps

KE confirmed next steps would be to clarify definition of Grouped / Affiliate, consider the financial impact reason codes 2 & 4 have had and to review the italicised wording under business rules to include rejected / reversed.

4.0 Any Other Business

None.

5.0 Diary Planning

Further details of planned meetings are available at: www.gasgovernance.co.uk/events-calendar/month

Workgroup meetings will take place as follows:

Time / Date	Venue	Workgroup Programme
Thursday 22 October 2020	Teleconference	Detail planned agenda items. <ul style="list-style-type: none"> • Amended Modification • Consideration of Business Rules • Consideration of Wider Industry Impacts • Consideration of Legal Text • Development of Workgroup Report
Thursday 26 November 2020	Teleconference	Detail planned agenda items. <ul style="list-style-type: none"> • Amended Modification • Review of Legal Text • Completion of Workgroup Report

Action Table (as at 24 September 2020)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
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Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0901	24/09/20	1.0	Cadent (AC) to provide a summary for the minutes of what is currently in UNC and what their use is with regards to 50% affiliate in Annex D2, the 33.3% around assignments and the 10% TPD V around confidentiality.	Cadent (AC)	Pending
0902	24/09/20	1.0	All shippers to consider what level of % affiliate was appropriate and provide views to the proposer as to what/why at or ahead of the next workgroup	All Shippers	Pending
0903	24/09/20	1.0	Cadent (AC) to make amendment to the wording of Business Rule 1 to define the meaning of grouping / affiliate etc.	Cadent (AC)	Pending
0904	24/09/20	1.0	Once Cadent have provided the summary of what is currently in UNC and what their use is with regards to New Action 0902, Shippers are to consider which option is more suitable.	All Shippers	Pending
0905	24/09/20	1.0	CDSP (DA) and Cadent (AC) to review the financial impact of Users utilising reason code 2 and 4.	CDSP (DA) and Cadent (AC)	Pending