

Joint Office of Gas Transporters

April 2019 NEWSLETTER

Welcome to the Joint Office of Gas Transporters Newsletter, we hope you find this a useful addition to your inbox. It is issued on a monthly basis and is intended to provide an overview of what is happening across the Uniform Network Code (UNC) governance arena. In this Newsletter, we have provided an overview of progress across everything we do, please refer to the Table of Contents below.

At A Glance....

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Meet the Joint Office of Gas Transporters Team.

<https://www.gasgovernance.co.uk/jointoffice/staff>

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Things to Note...	Error! Bookmark not defined.

Implementation Dates		
UNC Ref	Title	Date
0652	Introduction of winter read/consumption reports and associated obligations	TBC
0665	Changes to Ratchet Regime	01 October 2019

New Modifications discussed at March 2019 Panel	
<p>0681 - Improvements to the quality of the Conversion Factor values held on the Supply Point Register http://www.gasgovernance.co.uk/0681</p>	<ul style="list-style-type: none"> ▪ A new Workgroup will be established. ▪ Modification 0681 is suitable for Self-Governance. ▪ Modification 0681 will be considered within the UIG Workgroup on the 08 April 2019. ▪ Initial representations for consideration at Workgroup are requested by 11 April 2019. ▪ Workgroup report to be presented by 20 June 2019 Modification Panel.
<p>0682 - Market Participant MDD Migration to UNC Governance from the SPAA http://www.gasgovernance.co.uk/0682</p>	<ul style="list-style-type: none"> ▪ A new Workgroup will be established. ▪ This Modification meets the Self-Governance criteria. However, Ofgem have determined that Authority Direction procedures should be followed to ensure cross-code alignment. ▪ Modification 0682 will be considered within the Distribution Workgroup on the 28 March 2019. ▪ Initial representations for consideration at Workgroup are requested by 11 April 2019. ▪ Workgroup report to be presented by 16 May 2019 Modification Panel.
<p>0683 - Updating the Offtake Arrangements Document (OAD) with recommendations resulting from UNC Request Workgroup 0646R – Review of the Offtake Arrangements Document – Phase 1 http://www.gasgovernance.co.uk/0683</p>	<ul style="list-style-type: none"> ▪ A new Workgroup will be established. ▪ Modification 0683 is suitable for Self-Governance. ▪ Modification 0683 will be considered within the 0646R Workgroup on the 11 April 2019. ▪ Initial representations for consideration at Workgroup are requested by 11 April 2019. ▪ Workgroup report to be presented by 18 July 2019 Modification Panel.
<p>0684 - Amendment of the Data Permission Matrix to add Meter Asset Provider as a new User type http://www.gasgovernance.co.uk/0684</p>	<ul style="list-style-type: none"> ▪ Panel agreed to consider Modification 0684 at short notice. ▪ A new Workgroup will be established. ▪ Modification 0684 is suitable for Self-Governance. ▪ Modification 0684 will be considered within the Distribution Workgroup on the 28 March 2019. ▪ Initial representations for consideration at Workgroup are requested by 11 April 2019. ▪ Workgroup report to be presented by 18 April 2019 Modification Panel.

<p>0678J - Amendments to Gas Charging Regime (Postage Stamp) including a Cost based Optional Capacity Charge http://www.gasgovernance.co.uk/0678</p>	<ul style="list-style-type: none"> ▪ Panel agreed to consider Modification 0678J at short notice. ▪ Modification 0678J will be considered within Workgroup 0678 and follow the same timetable where practicable.
<p>Modifications for Reconsideration discussed at March 2019 Panel</p>	
<p>0674 - Performance Assurance Techniques and Controls https://www.gasgovernance.co.uk/0674</p>	<ul style="list-style-type: none"> ▪ A new Workgroup will be established. ▪ This Modification will follow Authority Direction procedures. ▪ Modification 0674 will be considered first under the UIG Workgroup on 29 April and for several workgroups thereafter with a view to some future consideration within the Governance Workgroup. ▪ Initial representations for consideration at Workgroup are requested by 11 April 2019. ▪ Workgroup report to be presented by 19 September 2019 Modification Panel.
<p>Workgroup Reports discussed at March 2019 Panel</p>	
<p>0675S - Enabling changes to the BBL Interconnection Agreement to facilitate physical reverse flow https://www.gasgovernance.co.uk/0675</p>	<ul style="list-style-type: none"> ▪ Referred back to Transmission Workgroup on 15 April 2019 for further assessment ▪ Workgroup report to be presented to 18 April 2019 Modification Panel.
<p>0676R - Review of Gas Transporter Joint Office Arrangements https://www.gasgovernance.co.uk/0676</p>	<ul style="list-style-type: none"> ▪ Referred back to Governance Workgroup for further assessment ▪ Date for the next meeting to be confirmed. ▪ Workgroup report to be presented to 15 August 2019 Modification Panel
<p>0680S - UNC Changes as a Consequence of 'no deal' United Kingdom Exit from the European Union https://www.gasgovernance.co.uk/0680</p>	<ul style="list-style-type: none"> ▪ Issued to Consultation which closes on 11 April 2019. ▪ The Final Modification Report will be presented (at short notice) to the 18 April 2019 Modification Panel.
<p>Variation Requests discussed at March 2019 Panel</p>	
<p>None</p>	
<p>Final Modification Reports discussed at March 2019 Panel</p>	
<p>0652 - Introduction of winter read/consumption reports and associated obligations https://www.gasgovernance.co.uk/0652</p>	<ul style="list-style-type: none"> ▪ No new issues were identified ▪ Panel recommended 0652 was suitable for implementation by majority vote.

<p>0665 - Changes to Ratchet Regime https://www.gasgovernance.co.uk/0665</p>	<ul style="list-style-type: none"> ▪ No new issues were identified. ▪ Panel recommended 0665 was ▪ suitable for implementation by majority vote.

<p>Distribution Workgroup Headlines</p>	<p>www.gasgovernance.co.uk/dist</p>
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- At the meeting on 28 March 2019:
- **Pre-Modifications** - Gazprom provided early indication of a new Modification being developed to address issues in relation to the production of invoices (Amendment) which is impacting cash flow, accounts and accruals. It is likely that the new Modification will be ready for discussion at the April Panel meeting
- **0647 - Opening Class 1 reads to Competition.** There was further discussion of the ROM and a high level cost estimate has been requested to enable the costs to be explored further. Given the costs of transition to the proposed arrangements, other options were discussed and WWU and Xoserve are to develop the option for a central service to be provided by the CDSP (on behalf of Transporters or Shippers).
- **0682 - Market Participant MDD Migration to UNC Governance from the SPAA.** As the Workgroup report needs to be concluded next month, the Workgroup participants have been asked to review the solution and the draft MDD Market Participants Identity Verification Document published alongside the proposal.
- **0684S - Amendment of the Data Permission Matrix to add Meter Asset Provider as a new User type (including IGT Modification Amendment of the Data Permission Matrix to add Meter Asset Provider as a new User type).** The Workgroup discussed and agreed the content of the Workgroup Report. In terms of Legal Text it was noted that there will be no changes to the UNC and that the Legal Text will be fulfilled through the amended Data Permissions Matrix that has been published.

Other Workgroups

- **0630R - Review of the consequential changes required in UNC as a result of the Ofgem Switching Programme.** At the meeting held on 06 March, there was a review of the proposed systems BRD. At the subsequent meeting at Dentons on 16 April a review of Legal Text took place. There will be requirements for UNC Modification Panel to consider carefully any Modifications which will impact the Legal Text produced for the Faster Switching Significant Code Review (SCR). It is expected that the Workgroup Report will be finalised in time for the May UNC Panel meeting.
- **0646R - Review of the Offtake Arrangements Document.** The Workgroup reviewed Modification 0683 agreeing that further clarification was required on lease agreements. Workgroup also reviewed the process for updating Supplemental Agreements and a further discussion is needed at the next meeting. The Review group considered the establishment of a sub-committee to take forward the recommendations of the Review group.
- **Joint Theft Reporting Group (UNC & SPAA), including 0677R** - the second meeting took place on 29 March 2019.
- The main focus of the meeting was to review further theft reporting process information provided by Xoserve and the draft issues log. The issues log will also form the focus of the next meeting, where the group will aim to identify root causes and potential solution options.

<p>Transmission Workgroup Headlines</p>	<p>www.gasgovernance.co.uk/tx</p>
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At the meeting on 15 April the following were discussed/progressed:

- **No Pre-Modification discussions**

At the meeting on 07 March 2019, the following Modifications were discussed/progressed:

- **0667 – Inclusion and Amendment of Entry Incremental Capacity Release NPV test in UNC.** The Workgroup reviewed the Legal Text for the Modification. Ofgem clarified for Workgroup that in its view, Modification 0667 requires a Licence change. This view was not shared by all of the Workgroup with alternative solutions being proposed. The Workgroup Report was completed for Panel on 18 April 2019.
- **0669R - Review of the Gas Deficit Warning (GDW) and Margins Notice (MN) Arrangements.** The Workgroup considered the proposed updates to the process for Margins Notice calculation. D-1 nominations for Interconnectors and LNG were not deemed a reliable indicator of actual flow for the following day. Instead average flows and price differential data are proposed to calculate the interconnectors gas availability on a daily basis. LNG Methodology will be developed for the next meeting. The aim is to conclude the Workgroup Report at the next meeting.
- **Modification 0685 - Amendment of the UNC term ‘Gas Deficit Warning’ to ‘Gas Balancing Notification’.** Expected to go straight out for consultation following initial review at Panel on 18 April 2019.
- **0671 – Relief from User Commitment obligations when NTS exit capacity substitution is permitted.** The Workgroup noted the distinction between below baseline and above baseline capacity and discussed the differences between WWU’s views on the issue and those of National Grid. Workgroup noted the December 2018 Ofgem RIIO-2 sector specific methodology consultation recognises these issues and that Ofgem believes it is time to revisit the existing arrangements for accessing unsold capacities, including the user commitment requirements. Workgroup will consider what is included in National Grid Business Plan to be released in July 2019 in relation to the topics proposed by Ofgem as part of RIIO GT2.
- **0675S – Enabling changes to the BBL Interconnection Agreement to facilitate physical reverse flow.** Workgroup reviewed the text of the Interconnection Agreement for the Modification. Considerable discussion took place in relation to a review of Interconnector UK’s Interconnection Agreement. The Workgroup Report was completed for Panel on 18 April 2019.
- Time did not allow for review of both the EU Code Update and the update on Project CLoCC. Please see the slides published here: www.gasgovernance.co.uk/tx/150419

Charging Methodology Forums

Distribution Network Charging Methodology Forum (DNCFM)

- The latest quarterly DN Revenue reports were published in March and were reviewed at the DNCFM on 26 March 2019. A pre-modification discussion was had on *Allocation of SOLR Costs to Appropriate Market Sectors* that was presented by the Chairman of ICoSS on behalf of an ICoSS party and it is to be submitted to the April Panel. The next meeting is on the 25 June 2019.

NTS Charging Methodology Forum (NTSCMF) www.gasgovernance.co.uk/ntscmf

There were two NTSCMF meetings - 02 April and 30 April 2019:

- **Pre-Modifications:** Vermilion introduced Workgroup to the aims of its intended Modification to remove the NTS Optional Commodity Rate and provide the industry with adequate notice.
- **Forecasted Contracted Capacity (FCC) Update** - National Grid confirmed that as part of its Modification 0678 an FCC Methodology Statement v1.0 has now been provided: <http://www.gasgovernance.co.uk/0678>
- **0670R - Review of the charging methodology to avoid the inefficient bypass of the NTS,** was progressed. National Grid has provided analysis as Part of Modification 0678 based around a comparison between UNC Modifications 0670R and 0678, including existing versus future usage predications; limiting factors for sites in or around the NTS; the document is entitled “Optional Charge Analysis”: www.gasgovernance.co.uk/0678/analysis National Grid will provide views on the various optional methods and confirm if there are any further methods

which could be considered at the next meeting on 04 June. Workgroup will also consider feedback from other parties on the methods already suggested.

- **0686 - Removal of the NTS Optional Commodity Rate with adequate notice.** The Proposer outlined that Modification 0686 simply removes a non-compliant charge. It is not a replacement for Modification 0678 and does not preclude any of the 0678 Modifications being implemented, it should instead be viewed as a back-stop. Workgroup briefly reviewed the Legal Text. Workgroup had considerable discussion and made reference to various Ofgem Decision Letters for 0621, 0636 and 0678, then completed the Workgroup Report for May Panel.

Other Workgroups

- **0678/A/B/C/D/E/F/G/H/I/J (Urgent) - Amendments to Gas Transmission Charging Regime.**

These Modification enable implementation of TAR NC, they entail a move from an investment focused model (LRMC) to revenue recovery mainly via capacity charges (specific cost drivers: capacity and the geographic distribution of points - either Capacity Weighted Distance CWD or Postage Stamp PS). Additional elements vary between the Modifications such as

- Adjustment to minimise Revenue Recovery
- Treatment of Existing Contracts
- Optional charging arrangements (two methods with variations plus a Wheeling charge)
- Specific Capacity Discounts (two values for Storage, Ireland Security Discount)
- Change frequencies for various values and elements
- Governance of FCC Methodology
- Capacity Surrender for Specified Unprotected Capacity
- Publication of charges arrangements
- Implementation arrangements.

Workgroup meetings began on 29 January 2019 and continued until 10 April 2019 (including an extension to the original timetable). The Draft Modification Report was issued for consultation on 12 April, representations can be made as usual, with consultation close out on 08 May 2019. The Final Modification Report (FMR) will be made available to Panel on 15 May 2019 for consideration at the scheduled UNC Modification Panel meeting on 23 May 2019. The FMR will then be issued to Ofgem for their ultimate consideration on 29 May 2019.

UIG Workgroup Headlines

www.gasgovernance.co.uk/UIG

- At the meeting on 08 April 2019:
- **Pre-Modifications:** None.
- **0664 - Transfer of Sites with Low Read Submission Performance from Class 2 and 3 into Class 4.** This Modification has three components: 1 – Settlement – Class entry checks 2 – Poor Performance Class transfer 3 – Incentive Charging. It may be taken over by another party of they so wish. Please contact the Joint Office for more details.
- **0672 - Incentivise Product Class 4 Read Performance.** Incentive charge information has been received from Xoserve.
- **0681S - Improvements to the quality of the Conversion Factor values held on the Supply Point Register.** Workgroup considered how automatic updates to conversion factors held on the system could be made by the CDSP where the conversion factor is not correct. The overlap with Modification 0651 was discussed.
- The **UIG Task Force** presented a number of recommendations, several of which Workgroup agreed could be put forward into Modifications. One of these is to be taken up by Total Gas & Power: **0692 - Automatic changes to Meter Read Frequency - (AQ >293,000 or Smart/AMR equipment on site)**
- Workgroup noted that the following Modifications have been drafted ready for April Panel:
 - Modification 0690 – Reduce qualifying period for Class 1.
 - Modification 0691 – CDSP to convert Class 3 or 4 meter points to Class 1 when G1.6.15 criteria are met.

- A Review group to consider standard conversion factors may be launched.

Governance Workgroup Headlines

www.gasgovernance.co.uk/DSC-Governance

- The next meeting is planned for June 2019 and will include:
 - **0674** - *Performance Assurance Techniques and Controls*; and
 - **0676R** - *Review of Gas Transporter Joint Office Arrangements*.

Committees Updates

Energy Balancing Credit Committee (EBCC) www.gasgovernance.co.uk/EBCC

- No Committee Members joined the Teleconference held on 18 March 2019, so an Operational Update has been published, which contains the key information that was to be covered at the meeting.

Demand Estimation Sub-Committee (DESC) www.gasgovernance.co.uk/desc

- The key messages from the meeting held on 11 February 2019 are available here: <http://www.gasgovernance.co.uk/desc/summarykeymessages>
- The next meeting is to be held on 01 April 2019.

Performance Assurance Committee (PAC) www.gasgovernance.co.uk/PAC

- The key messages from the meeting held on 12 February and 12 March 2019 are available here: www.gasgovernance.co.uk/pac/summarykeymessages
- The next meeting is on 09 April 2019.

AUG Sub Committee

- At the meeting on the 15 March 2019 the key focus was to review the modified AUG Statement and the updated UIG Factors. This meeting was the last opportunity to raise any issues or concerns before the UNCC approval in April. Generally, participants were supportive of the work done by the AUGE, but some concerns were raised about the new theft methodology for 2019/20. In response, the AUGE confirmed that the new methodology better reflects theft usage and therefore is more accurate. The remaining timetable is as follows:
 - 01 April 2019 - AUGE to publish Final AUGS and Table
 - 12 April 2019 - AUGE to present Final AUGS and Table
 - 18 April 2019 - UNCC to consider Final AUGS and Table
 - Annual review of AUG process

Data Service Contract (DSC) Committees www.gasgovernance.co.uk/DSC-CDSP

DSC Change Management Committee - at the 13 March meeting:

- There were 7 new change proposals, 4 were approved and 2 were deferred and 1 was for information.
- Updates were also provided to the Committee on the following Releases:
 - Release 3
 - February 2019 release - documentation Release implemented on 1st March
 - June 2019 release – tracking amber due to resource concerns
 - XRN4665 – Creation of new end user categories (2 stage release July & Sept)
 - November 2019 Release

DSC Contract Management Committee

- At the meeting on the 20 March 2019, Xoserve provided an update on the Amendment Invoice Issue:
 - Red RAG status - investigations were still taking place in relation to the route cause analysis but 87 defects had already been resolved, with 19 defects still requiring a resolution.
 - Shipper Representatives indicated that it was unacceptable that this issue was now over 18 months old and they had grave concerns about when the problem would be resolved.

- Xoserve agreed to arrange an offline Amendment Invoice workshop to discuss the topic further.
- The Committee approved the AlthANCo request to receive a set of data items to support their initiative to identify or exclude properties, which require an Alternative Home Area Network (AHAN) to support the implementation of smart metering.

DSC Credit Committee

- At the 18 March 2019 meeting CDSP provided an update on the termination of Utility Professional Business Operations Ltd (UPB). Although most of the sites had now transferred over to ScottishPower, some (circa 1500) had still not done so. Discussions were still taking place within CDSP in relation to the changes required to the Budget and Charging Methodology, to clarify how the outstanding debt from UPB will be recovered.

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