

Joint Office of Gas Transporters

May 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...	

Implementation Dates		
UNC Ref	Title	Date
0651	Changes to the Retrospective Data Update provisions	To be determined
0684S	Amendment of the Data Permissions Matrix to add Meter Asset Provider as a new User type	10 June 2019
0652	Introduction of winter read/consumption reports and associated obligations	11 August 2019
0665	Changes to Ratchet Regime	01 October 2019

New Modifications discussed at April 2019 Panel	
<p>0685 - Amendment of the UNC term 'Gas Deficit Warning' to 'Gas Balancing Notification' http://www.gasgovernance.co.uk/0685</p>	<ul style="list-style-type: none"> ▪ Modification 0685 will follow Authority Direction procedures. ▪ Modification 0685 will be issued to consultation which closes on 21 May 2019. ▪ Panel requested Legal Text. ▪ The Final Modification Report will be presented to the 20 June 2019 Modification Panel.
<p>0686 - Removal of the NTS Optional Commodity Rate with adequate notice http://www.gasgovernance.co.uk/0686</p>	<ul style="list-style-type: none"> ▪ A new Workgroup will be established. ▪ This Modification will follow Authority Direction procedures ▪ Modification 0686 will be considered within the NTSCMF Workgroup on the 30 April 2019. ▪ Panel requested Legal Text. ▪ Initial representations for consideration at Workgroup are requested by 14 May 2019. ▪ Workgroup report to be presented to the 16 May Modification Panel.
<p>0687 - Clarification of Supplier of Last Resort Cost Recovery Process http://www.gasgovernance.co.uk/0687</p>	<ul style="list-style-type: none"> ▪ A new Workgroup will be established. ▪ Modification 0687 will follow Authority Direction procedures. ▪ Modification 0687 will be considered within the Distribution Workgroup on the 25 April 2019. ▪ Initial representations for consideration at Workgroup are requested by 14 May 2019. ▪ Workgroup report to be presented to the 15 August 2019 Modification Panel.
<p>0688 - Recovery of Shipper Losses incurred in Supplier of Last Resort events http://www.gasgovernance.co.uk/0688</p>	<ul style="list-style-type: none"> ▪ A new Workgroup will be established. ▪ Modification 0688 will follow Authority Direction ▪ Modification 0688 will be considered within the Transmission Workgroup on the 02 May 2019. ▪ Initial representations for consideration at Workgroup are requested by 14 May 2019. ▪ Workgroup report to be presented to the 15 August 2019 Modification Panel.

<p>0689 - Removing the requirement to support Invoice queries before the due date with information from the .AML file http://www.gasgovernance.co.uk/0689</p>	<ul style="list-style-type: none"> ▪ A new Workgroup will be established. ▪ Modification 0689 will follow Authority Direction procedures. ▪ Modification 0689 will be considered within the Distribution Workgroup on the 25 April 2019. ▪ Initial representations for consideration at Workgroup are requested by 14 May 2019. ▪ Workgroup report to be presented by 15 August 2019 Modification Panel.
<p>0690S - Reduce qualifying period for Class 1 http://www.gasgovernance.co.uk/0690</p>	<ul style="list-style-type: none"> ▪ A new Workgroup will be established. ▪ Modification 0690 is suitable for Self-Governance. ▪ Modification 0690S will be considered within the UIG Workgroup on the 29 April 2019. ▪ Initial representations for consideration at Workgroup are requested by 14 May 2019. ▪ Workgroup report to be presented to the 15 August 2019 Modification Panel.
<p>0691S - CDSP to convert Class 3 or 4 meter points to Class 1 when G1.6.15 criteria are met http://www.gasgovernance.co.uk/0691</p>	<ul style="list-style-type: none"> ▪ A new Workgroup will be established. ▪ Modification 0691 is suitable for Self-Governance. ▪ Modification 0691S will be considered within the UIG Workgroup on the 29 April 2019. ▪ Initial representations for consideration at Workgroup are requested by 14 May 2019. ▪ Workgroup report to be presented to the 15 August 2019 Modification Panel.
<p>Existing Modifications for Reconsideration discussed at April 2019 Panel</p>	
<p>0647 - Opening Class 1 reads to Competition https://www.gasgovernance.co.uk/0647</p>	<ul style="list-style-type: none"> ▪ The proposer sought views on the development of the Modification because of a number of issues identified through Workgroup. ▪ It was suggested that the Modification could either be withdrawn and a wider subject review established, or it could be amended
<p>Workgroup Reports discussed at April 2019 Panel</p>	
<p>0667- Inclusion and Amendment of Entry Incremental Capacity Release NPV test in UNC https://www.gasgovernance.co.uk/0667</p>	<ul style="list-style-type: none"> ▪ Issued to Consultation which closes on 21 May 2019. ▪ The Final Modification Report will be presented to the 20 June 2019 Modification Panel.
<p>0671- New Capacity Exchange process at NTS exit points for capacity below baseline https://www.gasgovernance.co.uk/0671</p>	<ul style="list-style-type: none"> ▪ Referred back to Workgroup for further assessment. ▪ Date for the next meeting 02 May 2019. ▪ Workgroup report to be presented to 15 August 2019 Modification Panel.
<p>0672 - Incentivise Product Class 4 Read Performance https://www.gasgovernance.co.uk/0672</p>	<ul style="list-style-type: none"> ▪ Referred back to Workgroup for further assessment. ▪ Date for the next meeting 29 April 2019. ▪ Panel requested Legal Text.

	<ul style="list-style-type: none"> Workgroup report to be presented to 18 July 2019 Modification Panel.
<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"> Issued to Consultation which closes on 14 May 2019. The Final Modification Report will be presented (at short notice) to the 16 May 2019 Modification Panel.
<p>0684S - Amendment of the Data Permission Matrix to add Meter Asset Provider as a new User type https://www.gasgovernance.co.uk/0684</p>	<ul style="list-style-type: none"> Issued to Consultation which closes on 14 May 2019. The Final Modification Report will be presented (at short notice) to the 16 May 2019 Modification Panel.

Variation Requests discussed at April 2019 Panel

None	
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Final Modification Reports discussed at April 2019 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"> Consideration was deferred until the 16 May 2019 Modification Panel.
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Distribution Workgroup Headlines

www.gasgovernance.co.uk/dist

- At the meeting on 25 April 2019:
- Pre-Modifications** – There were no draft modifications presented for discussion.
- 0647 - Opening Class 1 reads to Competition.** The proposer advised that they were considering a number of options to take this workgroup forward, including raising a Request to review a wider scope than the current Modification solution which might include running both in parallel.
- 0682 - Market Participant MDD Migration to UNC Governance from the SPAA.** It was noted that Panel have extended the reporting date and the Workgroup aims to conclude its assessment in time for the June Panel.
- 0687S - Clarification of Supplier of Last Resort Cost Recovery Process.** The proposers representative provided an overview of the Modification and how the aim was to allow Shippers to recover costs associated with an SoLR event. It was concluded that further analysis was required to fully understand the impacts and cost sharing mechanisms.
- 0689 - Removing the requirement to support Invoice queries before the due date with information from the .AML file.** The proposer has agreed to amend the modification to add clarity to the types of information available for supporting invoices and how the suppression process would work.

Other Workgroups

- 0630R - Review of the consequential changes required in UNC as a result of the Ofgem Switching Programme.** The Workgroup Report is to be presented to Panel with a recommendation to close the Workgroup.

- **0646R** - *Review of the Offtake Arrangements Document*. The Workgroup reviewed Modification 0683 agreeing that further clarification was required on shared sites and redundant assets. Workgroup agreed that an extension is required to allow time to develop an additional modification to amend OAD.
- **Joint Theft Reporting Group (UNC & SPAA), including 0677R** - the third meeting took place on 03 May 2019.
- At the meeting a further review of the issues log was undertaken, where the Workgroup investigated the route causes and potential solution options for the fifteen high priority issues. Actions were also identified to assist with this process. The focus of the next meeting is to obtain updates on the actions and review the lower priority issues.

Transmission Workgroup Headlines

www.gasgovernance.co.uk/tx

At the meeting on 15 April the following were discussed/progressed:

- **No Pre-Modification discussions**
- **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 the 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.
- **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. The 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. The 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*. The 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.
- At the meeting on 02 May 2019 the following were discussed/progressed:
- **No Pre-Modification discussions**
- **0669R** - *Review of the Gas Deficit Warning (GDW) and Margins Notice (MN) Arrangements*. The Workgroup considered the proposed new process for the Margins Notice calculation and the further developed LNG Methodology. A recap of the D-1 Nominations and the Interconnector Methodology took place. It was agreed that an extension would be sought from Panel until July 2019 and the final set of proposals would be developed for the June meeting with the overall aim for the Modification to be in place for Winter 19/20.
- **0671** – *Relief from User Commitment obligations when NTS exit capacity substitution is permitted*. Consideration was deferred by the proposer until meeting in August 2019.

- **0688 - Recovery of Shipper Losses incurred in Supplier of Last Resort events.** The proposer provided an overview of the Modification in relation to the change that was proposed to allow shippers that have incurred unrecoverable costs from shipping for sites where the supplier is subject to a Supplier of Last Resort event (SoLR), to recover such costs via Balancing Neutrality Charges, in summary this Modification is centred on underwriting of shipper costs when a supplier fails. For the next meeting in June it was agreed that further detailed discussions were required to encompass various areas of clarification which included; the contractual role of the CDSP, confirmation of the liability cap or collar and consideration of an administration fee, which price to use; SMBP or SMSP and the netting off procedure and the defined claim process. The next meeting is in June.

Charging Methodology Forums

Distribution Network Charging Methodology Forum (DNCFM)

- The next meeting is on the 25 June 2019.

NTS Charging Methodology Forum (NTSCMF) <http://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.
- **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. 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 the 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 Modifications 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, with consultation close out on 08 May 2019. The Final Modification Report (FMR) was 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 29 April 2019:
- Pre-Modifications: None
- **0664** - *Transfer of Sites with Low Read Submission Performance from Class 2 and 3 into Class 4*. The amended Modification was discussed, and it was noted that the proposer is seeking a sponsor for the Modification as they will no longer be able to support its development.
- **0672** - *Incentivise Product Class 4 Read Performance*. Consideration was deferred to the May meeting.
- **0674** - *Performance Assurance Techniques and Controls*. It was agreed to develop a plan of approach for meetings and to arrange separate meeting days for this Modification.
- **0681S** - *Improvements to the quality of the Conversion Factor values held on the Supply Point Register*. The Workgroup considered the potential lead time for implementation and potential improvements to UIG, could the lead time be reduced by a different approach. Consideration is to be given to an IGT equivalent Modification.
- **0690S** – *Reduce qualifying period for Class 1*. The Workgroup discussed the issues identified by the UIG Task Force. The Workgroup discussed the provision of meter reading equipment and how this could impact the proposed solution.
- **0691S** – *CDSP to convert Class 3 or 4 meter points to Class 1 when G1.6.15 criteria are met*. The Workgroup discussed the issues associated with large sites that were currently listed as Class 3 or 4 and how they should be moved to Class 1 if they exceed the threshold. Views were expressed that larger sites should be encouraged to move to Class 2 if they do not meet the requirements for Class 1.

Governance Workgroup Headlines

<http://www.gasgovernance.co.uk/gov>

- The next meeting is to be held in July (date TBC) and will include:
 - **0676R** - *Review of Gas Transporter Joint Office Arrangements*.

Committees Updates

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

- The meeting on 29 April 2019 was cancelled due to unforeseen circumstances and Operational Update has been published instead, which contains the key information that was to be covered at the meeting. The next meeting will be held on 20 May 2019.

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

- The key messages from the DESC TWG meeting held on 13 May 2019 are available here: <http://www.gasgovernance.co.uk/desc/summarykeymessages>
- The next meeting is to be held on 10 June 2019.

Performance Assurance Committee (PAC) <http://www.gasgovernance.co.uk/PAC>

- The key messages from the meeting held on 09 April and 14 May 2019 are available here: <http://www.gasgovernance.co.uk/pac/summarykeymessages>
- The next meeting is on 11 June 2019.

AUG Sub Committee

- At the UNCC meeting on the 18 April 2019 the Final AUG Table was approved and becomes effective from 01 October 2019. This concludes this year's process. The CDSP and the AGUE

will now be undertaking a review of AUG process for 2018/19. Dates for the 2019/20 process/meetings will be published once known.

Data Service Contract (DSC) Committees <http://www.gasgovernance.co.uk/DSC-CDSP>

DSC Change Management Committee - at the 10 April meeting:

- There were 7 new change proposals, 6 were approved and 1 was deferred. 2 further change proposals had completed the capture stage – 1 was approved for delivery and 1 was closed.
- Updates were provided to the Committee on the Releases planned for 2019 and 2020.
- Change congestion over the coming 24 months is to be covered at the May meeting, where Xoserve are to present options to address the challenges presented in this period.

DSC Contract Management Committee

- At the meeting on the 1 May 2019 (rescheduled from 17 April due to Easter), Xoserve provided an update on the Amendment Invoice Issue:
 - An offline workshop was held on 24 April and a further session has been arranged for Friday 10 May 2019 for those that could not attend. The workshops are for Customers affected by the Amendment Invoice (AMS) issues that Xoserve are working to resolve. The purpose of the workshop was to explain the Xoserve resolution plan, actions and target dates.
- The Committee approved a number of disclosure of information requests:
 - XRN4877 – Enhancement to Supply Point Enquiry API Service for Shippers
 - XRN4878 – Supply Point Enquiry API Service for Shippers
 - Amended AltHANCo Disclosure Request Report to include Meter Location Notes in the Xoserve to AltHANCo Dataset
 - Provision of Data via Birst.

DSC Credit Committee

- The meeting on 29 April 2019 was cancelled due to unforeseen circumstances and Operational Update has been published instead, which contains the key information that was to be covered at the meeting. The next meeting is on 20 May 2019.

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