

Joint Office of Gas Transporters

June 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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| 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 | 28 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 May 2019 Panel

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|---|---|
| <p>0692 Automatic updates to Meter Read Frequency http://www.gasgovernance.co.uk/0692</p> | <ul style="list-style-type: none"> ▪ Modification 0692 will follow Self-Governance procedures. ▪ Issued to Workgroup 0692S with a report to be presented to the November Panel. |
|---|---|

Existing Modifications for Reconsideration discussed at May 2019 Panel

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|------|--|
| None | |
|------|--|

Workgroup Reports discussed at May 2019 Panel

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| <p>0630R - Review of the consequential changes required in UNC as a result of the Ofgem Switching Programme https://www.gasgovernance.co.uk/0630</p> | <ul style="list-style-type: none"> ▪ Panel considered the recommendations in the report. ▪ Panel determined Request Workgroup 0630R should be closed. |
| <p>0661R - Reconciliation and Imbalance Cash Out Prices https://www.gasgovernance.co.uk/0661</p> | <ul style="list-style-type: none"> ▪ Panel considered the recommendations in the report. ▪ Panel determined Request Workgroup 0661R should be closed. |
| <p>0669R - Review of the Gas Deficit Warning (GDW) and Margins Notice (MN) Arrangements https://www.gasgovernance.co.uk/0669</p> | <ul style="list-style-type: none"> ▪ Referred back to Workgroup 0669R for further assessment, with a report to the 18 July 2019 Panel. |
| <p>0686 - Removal of the NTS Optional Commodity Rate with adequate notice https://www.gasgovernance.co.uk/0686</p> | <ul style="list-style-type: none"> ▪ Issued to Consultation which closes on 07 June 2019. ▪ The Final Modification Report will be Presented to the 20 June 2019 Modification Panel. |

Variation Requests discussed at May 2019 Panel

| | |
|------|--|
| None | |
|------|--|

Final Modification Reports discussed at May 2019 Panel

0675S - Enabling changes to the BBL Interconnection Agreement to facilitate physical reverse flow

<https://www.gasgovernance.co.uk/0675>

- New issues were identified during consultation
- The Final Modification Report returned to Workgroup 0675S with a supplemental report to be presented by 20 June 2019 Panel.

0680S - UNC Changes as a Consequence of 'no deal' United Kingdom Exit from the European Union

<https://www.gasgovernance.co.uk/0680>

- Consideration deferred to the June Panel.

0684S - Amendment of the Data Permission Matrix to add Meter Asset Provider as a new User type

<https://www.gasgovernance.co.uk/0684>

- There were no new issues identified during consultation.
- To be implemented on 28 June 2019 subject to no appeals being received.

Extraordinary Panel Meeting held on 23 May 2019

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

<https://www.gasgovernance.co.uk/0678>

- New issues were identified during consultation. As Modification 0678 is following an Urgent timetable it could not be returned to Workgroup.
- Modification 0678 no recommendation to implement. No majority preference by Panel.
- Modification 0678A no recommendation to implement. No majority preference by Panel.
- Modification 0678B no recommendation to implement. No majority preference by Panel.
- Modification 0678C no recommendation to implement. No majority preference by Panel.
- Modification 0678D no recommendation to implement. No majority preference by Panel.
- Modification 0678E no recommendation to implement. No majority preference by Panel.
- Modification 0678F no recommendation to implement. No majority preference by Panel.
- Modification 0678G no recommendation to implement. No majority preference by Panel.
- Modification 0678H no recommendation to implement. No majority preference by Panel.
- Modification 0678I no recommendation to implement. No majority preference by Panel.
- Modification 0678J no recommendation to implement. No majority preference by Panel.

Distribution Workgroup Headlines

www.gasgovernance.co.uk/dist

- At the meeting on 22 May 2019:
- **Pre-Modifications** - No draft modifications presented for discussion.
- **0647 - Opening Class 1 reads to Competition.** A revised ROM was presented by Xoserve as the original ROM costs were far higher than anticipated. The revised ROM provided clarification of the transition costs and the costs were significantly lower as a result. The proposer advised that although the costs were more reasonable, they were considering how to take this

workgroup forward, including raising a Request to review one or more of the alternative solutions discussed by the Workgroup.

- **0682** - *Market Participant MDD Migration to UNC Governance from the SPAA*. The Workgroup concluded its assessment, including reviewing the legal text and the report will now be submitted to the June Panel.
- **0687S** - *Clarification of Supplier of Last Resort Cost Recovery Process*. The proposers representative provided a walkthrough of a draft amended Modification and further points of clarification were noted. Further analysis is required to fully understand the impacts and cost sharing mechanisms and Xoserve have agreed to provide a high-level estimate for discussion at the next meeting.
- **0689** - *Removing the requirement to support Invoice queries before the due date with information from the .AML file*. The proposers representative provided an update, in that he still intended to amend the modification to add clarity to the types of information available for supporting invoices and how the suppression process would work. The changes would now be made for the June or July meeting. Xoserve agreed to define the current process and provide initial thoughts on how the Modification would be adopted.
- **0692S** - *Automatic updates to Meter Read Frequency*. The proposer introduced the Modification and explained that although all sites with an AQ equal to or greater than 293,000 kWh and/or Smart or Advanced metering should have a monthly read frequency, this is not always reflected on the Supply Point Register. Workgroup considered the Panel questions and other identified issues and have agreed actions to investigate the impacts of the proposal, for further discussion at the next meeting.

Other Workgroups

- **0646R** - *Review of the Offtake Arrangements Document*. The Workgroup reviewed Modification 0683 agreeing that further clarification was required on the information required for shared sites and managing redundant assets. Workgroup agreed an additional Modification is required to implement further changes to OAD.
- **Joint Theft Reporting Group (UNC & SPAA), including 0677R** - the fourth meeting took place on 03 June 2019.
- At the meeting a further review of the issues log was undertaken, where the Workgroup investigated the root causes and potential solution options for the various issues. Action updates were provided to assist with this process. An extension is to be requested to allow further time to undertake the review and it is expected the final report will be presented to the October Panel.

Transmission Workgroup Headlines www.gasgovernance.co.uk/tx

- At the meeting on 06 June 2019 the following were discussed/progressed:
- **Pre-Modifications** - No draft modifications presented for discussion.
- **0669R** - *Review of the Gas Deficit Warning (GDW) and Margins Notice (MN) Arrangements*. The Workgroup considered the latest updated analysis which showed the potential new daily Interconnector and LNG methodologies, to make the MN calculation more dynamic. A recap of the Interconnector Methodology took place together with how many times the Margins Notice would have been triggered using the combined methodologies; using just the LNG methodology and then just the Interconnector Methodology. The Workgroups general consensus of opinion was that this approach would be an improvement. Some participants had reservations about excluding the measure for ICs, so a proposal was to have a shadow analysis to run in parallel alongside the LNG Methodology, which is going to be investigated. It was agreed that the Draft Modification Report and the Legal Text would be available for the July Workgroup meeting at which point, the 0669R Workgroup Report will be finalised and the New Modification will be submitted to the July Panel, with the assumption this will proceed directly to consultation.

- **0671** – *Relief from User Commitment obligations when NTS exit capacity substitution is permitted.* Consideration was deferred by the proposer until the meeting in August 2019.
- **0675S** - *Enabling changes to the BBL Interconnection Agreement to facilitate physical reverse flow.* This Modification had been proposed by National Grid NTS a few months ago and since then it had been sent to the April Panel, sent out to consultation and re- submitted to the May Panel, where the Panel had raised the two questions; 1. *consider and respond to each of the points raised in the consultation representations and* 2. *consider materiality of the Modification and self-governance status.* These questions were debated at length by the Workgroup and the Proposer National Grid NTS, proposed that this Modification should be self-governance, which Ofgem concurred with, however Interconnector UK suggested it should be Authority Direction, as they deemed it would have an impact on competition, the Workgroup was divided in their opinions on this matter. Following extremely lengthy discussions between National Grid NTS and Interconnector UK, the Workgroup suggested due to the impasse on the context and content of the Modification, that was more a commercial disagreement between the two parties and further discussions should take place outside of the Workgroup environment. The completed Final Modification Report will be submitted to the June Panel for evaluation.
- **0688** - *Recovery of Shipper Losses incurred in Supplier of Last Resort events.* The Proposer provided an overview of the amended Modification in relation to the changes that had been made to the Business Rules section, including only recovery of energy related costs (not transportation) and the claims assessor role had been moved from the CDSP to the Transporters, this had been done to ensure consistency with Modification 0429 - Customer Settlement Error Claims Process. The Proposer noted that Faster Switching, UIG Gas cost and Supplier Licencing also needed to be included within the Modification. Discussions took place that the Modification may not be compliant with the EU Balancing Code, as Modification 0429 was implemented before the BAL Code entered force, and if this was the case, then there may now be a non- compliant situation in the UNC Code, which would need to be addressed. It was agreed that a 1 month extension should be sought from the June Panel in order to address these areas.

Charging Methodology Forums

Distribution Network Charging Methodology Forum (DNCMF) www.gasgovernance.co.uk/dncmf

- The next meeting is on the 25 June 2019.

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

- At the meeting on 02 June 2019 the following was discussed/progressed:
- **Pre-Modifications** - No draft modifications presented for discussion.
- **Forecasted Contracted Capacity (FCC) Update** – The Workgroup are considering several concerns which have been raised and will be undertaking a walkthrough of the practical application of the FCC Methodology at the July NTSCMF.
- **Long Term Revenue Forecasts** – National Grid confirmed the Revenue Forecast is now available, a presentation is due to be published for discussion at the July NTSCMF.
- **0670R** - *Review of the charging methodology to avoid the inefficient bypass of the NTS.* Further Consideration of the Optional Methods / Charges will be undertaken at the next meeting with the intention of concluding the Request Workgroup Report at the end of July.

UIG Workgroup Headlines

www.gasgovernance.co.uk/UIG

- At the meeting on 20/21 May 2019:
- **Pre-Modifications:**
 - Incentivise Key Areas of Performance using Additional UIG Charges. The Workgroup supported the modification objectives and agreed it was sufficiently developed to be presented to Panel.

- **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.** It was noted that there could be impacts on Shippers with multiple Suppliers as they will have difficulty apportioning costs unless Supplier ID is included in the invoice. Further consideration was deferred to the June meeting.
- **0674 - Performance Assurance Techniques and Controls.** The Workgroup considered the approach for including high level performance assurance principles in the UNC supported by ancillary documents which would have the detailed business rules. It was noted that this Workgroup would be discussed at 26 June Governance Workgroup and then meetings would be scheduled independently.
- **0681S - Improvements to the quality of the Conversion Factor values held on the Supply Point Register.** The Workgroup reviewed the amendments to the Modification and draft Legal Text. It is was agreed to conclude the Workgroup Report at a short teleconference to be held on 07 June.
- **0690S – Reduce qualifying period for Class 1.** Consideration was deferred subject to further amendments to the Modification.
- **0691S – CDSP to convert Class 3 or 4 meter points to Class 1 when G1.6.15 criteria are met.** The Workgroup discussed a number of items including the current allocation algorithms. It was noted that implementation might require the installation of remote reading equipment for sites currently without and which meet the requirements.

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

- At the meeting on 20 May 2019 it was agreed that Xoserve would write out to committee members to seek their approval to remove the need for the EBCC to approve the exit of Users who have completed the Voluntary Discontinuance process. The next meeting will be held on 24 June 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: www.gasgovernance.co.uk/desc/summarykeymessages
- The next meeting is to be held on 10 June 2019.

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

- The key messages from the meeting held on 11 June 2019 are available here: www.gasgovernance.co.uk/pac/summarykeymessages
- The next meeting is on 09 July 2019.

AUG Sub Committee

- Dates for the 2019/20 process/meetings will be published once known.

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

DSC Change Management Committee - at the 10 April meeting:

- There were 4 new change proposals, 3 were approved and 1 was deferred. 2 further change proposals had completed the capture stage and were approved for delivery.
- Updates were provided to the Committee on the Releases planned for 2019 and 2020.

- Change congestion over the next 24 months was discussed and Xoserve presented two options to address the challenges presented in this period. A decision as to which viable Delivery Option to go with, needs to be made as soon as possible. Committee members requested further information on what was being scheduled/pencilled in. A strategic outline and timeline plan will be made available for the next meeting to promote further discussion.

DSC Contract Management Committee

- As there was a meeting on the 1 May 2019 (rescheduled from 17 April due to Easter), the meeting planned for the 15 May 2019 was cancelled and the May KPI reports will be covered at the meeting on the 19 June 2019.

DSC Credit Committee

- At the meeting on 20 May 2019 CDSP highlighted that work was being undertaken to produce and present the operational data via BIRST, which would provide greater detail for the trend analysis. Material on BIRST and the changes to the format of the DSC Credit operational reports will be covered at the June or July meeting. The next meeting will be held on 24 June 2019.

Things to Note...

- The **UNC User Representatives Appointment process** for 2019/20 is summarised below:
 - By 28 June 2019 - Shipper organisations have been reminded to provide/update their Single Point of Contacts (SPoCs).
 - By 01 July 2019 – SPoCs will be invited to nominate Modification Panel/UNCC and Sub-Committee representatives.
 - By 01 August 2019 - if an election is required the details of candidates and ballot papers will be issued to SPoCs.
 - By 01 September 2019 - Joint Office will issue notification of the elected candidates.
 - 01 October 2019 – elected members will take up positions on the UNC Modification Panel and Sub-Committees.
- A **Code Administration Code of Practice (CACoP) Engagement Event** is to be held on the 16 July 2019, 10:00 to 15:00 at ELEXON. For further details about the event and how to register please use the following link: <https://www.elexon.co.uk/event/code-administration-code-practice-cacop-engagement-event/>

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