

Modification proposal:	GUC19: Logical Meter Number (LMN) AQ Updates – Rejection Resolution		
Decision:	The Authority ¹ directs that this proposal be made ²		
Target audience:	GUC ³ Parties to the GUC Network Code and other interested parties		
Date of publication:	10 April 2007	Implementation Date:	To be confirmed by GUC

Background to the modification proposal

Whilst the relationship between the CSEP User (shippers) and the appropriate Gas Transporter is governed by the relevant Network Code, the relationship between Large Transporters (GTs) and independent Gas Transporter (iGT's) is governed by the Connected System Exit Point ("CSEP") Network Exit Agreement ("NExA").

In particular, under Annex A of the CSEP NEXA, iGTs⁴ are required to submit weekly updates on information pertaining to the Logical Meter Number (LMN) to xoserve (on behalf of GTs). This allows Large Transporters to, calculate deemed offtake quantities, facilitate the reconciliation process for larger Transporters and produce CSEP Transportation Invoices to their Shippers.

Periodically xoserve will submit return files to the iGT, which will provide information on the outcome of the submissions made by the iGT, including any submissions that failed xoserve's validation procedures. This return file has no contractual basis under the NEXA, however when implemented, UNC Modification 083⁵ will oblige GT's to process data received from iGTs within specific timescales and will require xoserve to submit the return files within 2 Business Days.

The modification proposal

The modification proposal GUC19, seeks to build upon the earlier modification GUC14⁶ by codifying iGT obligations regarding the management of Large Transporter network communications in connection with updates to LMN AQ values. In particular it seeks to require the proactive management and resolution of rejected updates, should they occur.

The Authority's decision

The Authority has considered the issues raised by the modification proposal and the Final Modification Report (FMR) dated 2 March 2007. The Authority has considered and taken into account the responses to the GUC consultation on the modification proposal which are attached to the FMR. The Authority has concluded that:

¹ The terms 'the Authority', 'Ofgem' and 'we' are used interchangeably in this document. Ofgem is the Office of the Gas and Electricity Markets Authority.

² This document is notice of the reasons for this decision as required by section 38A of the Gas Act 1986.

³ Global Utility Connections (Gas) Ltd (GUC) has recently re-branded as Energetic Gas Ltd (see www.energetics-uk.com/networked/ for details).

⁴ See [UNC Section A 3.3.1](#) for full definition

⁵ [UNC Modification Proposal 083: 'Proposal to insert obligations to process data received from iGTs in line with the requirements as outlined within Annex A of the Connected System Exit Point \(CSEP\) Network Exit Agreement \(NExA\)'](#)

⁶ GUC014: 'Obligations in respect of Data provision to Large Gas Transporters – Supply Point Classification' approved 30 October 2006.

1. implementation of the modification proposal will better facilitate the achievement of the relevant objectives of the GUC Network Code⁷; and,
2. directing that the modification be made is consistent with the Authority's principal objective and statutory duties⁸.

Reasons for the Authority's decision

We note that GUC received three responses to the consultation. One respondent offered comments whilst the other two, including GUC were in favour of the modification proposal. Respondents generally considered that it would be good working practice for each iGT to address the rejection AQ updates within a timely manner.

Whilst GUC supports the modification proposal, it considered that the associated timescales were too restrictive. However another respondent was fully supportive of the proposed timescales for resolution of queries. They noted that under the current arrangements incorrect base data was feeding into the CSEP invoices sent to CSEP Users. They considered this to be compounded by the fact that CSEP Users cannot effectively raise or deal with queries directly with the Large Transporters, as they are also reliant upon information from the iGTs.

We are concerned with the apparent lack of a robust LMN AQ update process, particularly given that large Transporters require the timely and accurate transfer of data from iGTs to allow for the calculation of deemed offtake quantities and thereafter the production of CSEP Transportation invoices to their Shippers. Furthermore, whilst rejections at the CSEP do not affect the physical volume of gas offtaken, energy misallocations through the Reconciliation by Difference (RbD) Settlements mechanism may occur as the correct energy apportionment may not be assigned against the correct Shipper. These issues impact beyond the two parties contracted to the CSEP NExA agreement, particularly upon the shippers.

We therefore consider that this modification proposal should provide greater incentives for compliance with the LMN AQ update process. Increased compliance should lead to a more accurate reflection of costs and charges incurred by all relevant participants in the market which should facilitate competition. We consider that implementation of these modifications will better facilitate relevant objectives (a) and (c) of the GUC Network Code in particular.

Decision notice

In accordance with Standard Condition 9 the Gas Transporters Licence, the Authority, hereby directs that modification proposal GUC19: LMN AQ Updates – Rejection Resolution, be made.



Mark Feather
Associate Director, ICL

Signed on behalf of the Authority and authorised for that purpose.

⁷ As set out in Standard Condition 9(1) of the Gas Transporters Licence, see: http://62.173.69.60/document_fetch.php?documentid=4311

⁸The Authority's statutory duties are wider than the relevant objectives and are detailed mainly in the Gas Act 1986.