Modification proposal:	**GUC20: Logical Meter Number (LMN) AQ Updates - Reporting Requirements**		
Decision:	The Authority[1] decided to reject this proposal		
Target audience:	GUC Parties to the GUC Network Code and other interested parties		
Date of publication:	10 April 2007	Implementation:	N/A

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")[2] Network Exit Agreement ("NExA").

In particular, under Annex A of the CSEP NEXA, iGTs 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 083[3] 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

Modification proposal GUC20 seeks to build upon the earlier modification GUC14[4], which placed obligations (in respect of data provisions) previously outlined in the CSEP NExA into the GUC[5] Network Code. GUC20 seeks to introduce a requirement in the respective iGT Network Code, to notify the relevant CSEP User (shipper) of reporting information; specifically updated LMN AQ values. The proposal seeks to introduce this requirement as an appendix to Section E of the GUC Network Code.

The Authority's decision

The Authority has considered the issues raised by the modification proposal and the Final Modification Report (FMR) dated 5 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 implementation of the

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[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] Defined in Section A 3.3.1 of the Uniform Network Code as a System Point comprising one or more Individual System exit Points which are not Supply meter Points.
[3] 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)' approved 24 August 2006.
[4] GUC014: 'Obligations in respect of Data provision to Large Gas Transporters – Supply Point Classification' approved 30 October 2006.
[5] Global Utility Connections (Gas) Ltd (GUC) has recently re-branded as Energetic Gas Ltd (see www.energetics-uk.com/networked/ for details).

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modification proposal will not better facilitate the achievement of the relevant objectives of the GUC Network Code[6].

Reasons for the Authority's decision

We note that there were three responses to the GUC consultation, two of which provided largely supportive comments whilst one respondent expressed clear support for the modification proposal.

In general, the respondent who supported the modification proposal considered that the modification would:

- provide the LMN AQ update values to Shippers within 5 business days of the Large Transporters receiving it;
- provide greater visibility around LMN AQ updates; and,
- allow for the identification of errors present in the data.

One of the respondents who provided comment considered that the format of the file should be a replica of that which is currently sent to xoserve. This respondent also considered that rather than waiting for the resolution of any rejections, the file could also be sent to the shipper at the same time as it is sent to xoserve. This was considered to allow minimum changes to the IGT's system as the file being sent to xoserve could be filtered by shipper. Where a rejection occurred, the respondent considered that the resolution of these rejections could be communicated at the same time to the shipper and xoserve and would enable the shippers system to be in sync with that of xoserve.

We have sympathy with the intent of the proposal and consider that shippers should have greater visibility of the data that is critical to their business, such as that relating to portfolio movements. However, we are concerned that absent agreement of what reporting regime shippers would like to see in place, iGTs may be requested to implement various ad hoc reports, all aimed at achieving the same end goal. This would have cost implications and be potentially detrimental to the relevant code objectives.

In addition, we are concerned that the obligations around data provision may not be complementary across the various agreements and therefore may not practicably be backed off. We recognise that the inter-relationship between the iGT Network Code, the CSEP NEXA and xoserve, via the UNC, remains a cause of concern for shippers and we would welcome a more holistic review of this.

We also consider that the details of such reports should have a suitably degree of flexibility, adapting to the changes requirements of parties etc. Inclusion of this report with the main body of the Network Code, albeit as an Appendix, would require that any future changes to it, no matter how significant, would require the approval of the Authority. We do not consider this to be appropriate.

Mark Feather
Associate Director, ICL
Signed on behalf of the Authority and authorised for that purpose.

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