

Modification proposal:	iGT UNC / iGT INC: "Timing of Calculation of Estimated Meter Readings by Pipeline Operators" (iGT011)		
Decision:	The Authority ¹ directs that this proposal be made		
Target audience:	Independent Gas Transporters (iGTs), Parties to the iGT UNC and other interested parties		
Date of publication:	16 April 2008	Implementation Date:	To be confirmed

Background to the modification proposal

Modification iGT011 was raised by ScottishPower Energy Management Ltd on 18th October 2007.

Section E Clause 6.2 of the iGT UNC Network Code requires Shippers to provide Opening Meter Readings not later than 16.00 hours on the 7th Business Day after the Supply Point Registration Date. Clause 6.3 states that the required date range for the Opening Read to be submitted by the Shipper is the period of 11 Business Days commencing 5 Business Days before the Supply Point Registration Date.

Where an Opening Meter Reading is not provided, the Pipeline Operator will calculate an Estimated Meter Reading. Clause 6.8 states "The Pipeline Operator will calculate such estimated Meter Reading during the period commencing 10 Business Days and ending 15 Business Days after the Supply Point Registration Date".

It was highlighted through discussions within the Customer Transfer Programme² that the timely provision and quality of opening and closing meter readings are key elements for ensuring that the Change of Supply process operates in a smooth and efficient manner.

The Proposer considers that, due to the delay in iGTs calculating estimated Meter Readings, the quality of the estimated readings provided by iGTs are poor and therefore of little value. This they argue has led to an increase in billing challenges from iGT customers and in the number of disputed reads having to be resolved through the Shipper Agreed Reads process. iGTs currently levy a charge against the Proposing User of between £10 and £15 per read for the provision of estimates.

The modification proposal

The Proposer considers that the Pipeline Operator should calculate an estimated Meter Reading as though a Meter Reading had been obtained on the Supply Point Registration Date. The Pipeline Operator would submit this reading to the Proposing User and Withdrawing User not later than 16:00 on the 15th Business Days after the Supply Point Registration Date. For the avoidance of doubt the Pipeline Operator would only be required to calculate an estimate should the Proposing User fail to provide a valid Opening Meter Readings within the timescales outlined within Section E Clause 6.2 and 6.4 of the iGT UNC.

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 The Customer Transfer Programme (CTP), established by the Electricity Retail Association (ERA) in 2004, undertook a route and branch review of the process for changing supplier and to made recommendations to improve this process.

Panel decision

The Panel unanimously recommended the Modification for implementation, commenting that it promotes competition between Shippers and Suppliers.

The Panel recommended an implementation date of not earlier than two months pending Authority consent in accordance with clause 19.2 (a) of section L to the iGT UNC.

The Authority's decision

The Authority has considered the issues raised by the modification proposal and the Final Modification Report dated 7th March 2008. The Authority has concluded that:

1. implementation of the modification proposal would further the relevant objectives as defined in Standard Condition 9 of the Gas Transporters License³; and
2. directing that the modification be made and is consistent with the Authority's principal objective and statutory duties.

Reasons for Authority decision

Ofgem considers that in particular, the implementation of the modification proposal would further the relevant objectives (d) and (f). Our reasons are set out below.

We consider that the modification will better meet relevant objective (d) in relation to securing effective competition between relevant shippers and suppliers. We believe that the modification will improve the accuracy of estimates provided by IGTs for change of supplier meter reads. This in turn will reduce the number of queries raised by customers on the meter reads associated with their change of supplier and will also reduce the number of occasions in which an estimated meter read will need to be amended through the Shipper Agreed Reads process. We consider that by reducing the number of occasions that customer bills will need to be amended will reduce transaction costs for both customers and suppliers associated with the change of supplier process and should therefore support the continued development of competition between suppliers.

We also consider that the modification will better meet relevant objective (f) by promoting efficiency in the implementation and administration of the iGT UNC. We consider that, because of improvements to the accuracy of change of supplier meter read estimates provided by iGTs, the modification should reduce the number of occasions that suppliers will need to send IGTs amended meter reads following revision through the Shipper Agreed Read process. We also consider that the improvement in the accuracy of the change of supplier meter read estimate will increase the accuracy of energy and cost allocations by IGTs between shippers and suppliers.

Decision notice

The Authority directs that modification proposal iGT011: "Timing of Calculation of Estimated Meter Readings by Pipeline Operators" be made.



Kersti Berge
Head of GB Markets

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

³ http://epr.ofgem.gov.uk/document_fetch.php?documentid=13355