

Modification proposal:	iGT UNC: "Submission of More Frequent Cyclic Meter Readings" (iGT016)		
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:	01 July 2008	Implementation Date:	To be confirmed

Background to the modification proposal

Modification iGT016 was raised by ScottishPower Energy Management Limited.

IGT UNC Section E, Clause 4 sets out obligations regarding the provision of Non Daily Metered Cyclic Meter Readings to the Pipeline Operator. At present the submission of more frequent cyclic meter readings to the IGT is restricted by the terms outlined within Clause 4.4. Currently under Clause 4.4, the IGT is not required to accept cyclic meter readings for which:

- (a) in the case of a Monthly Read Meter, the Meter Read Date is less than 23 Days (or in December 16 Days),
 - (b) in the case of an Annual Read Meter, the Meter Read Date is less than 5 months,
- after the Meter Read Date of the preceding Meter Reading for the same Supply Meter.

For certain categories of customer, the shipper may procure more frequent readings, which are subsequently passed to the IGT. However the IGT is not currently required to accept these readings.

The modification proposal

IGT016 seeks to introduce two new definitions to the IGT UNC to facilitate different meter read requirements for the previous category of "Annual Read Meter". The new definitions are:

- a) a "Larger Annual Read Meter" is an Annual Read Meter where it is installed at a Supply Point comprised in a Supply Point Component whose Annual Quantity is greater than 73,200 kWh,
- b) a "Smaller Annual Read Meter" is an Annual Read Meter where it is installed at a Supply Meter Point comprised in a Supply Point Component whose Annual Quantity is not greater than 73,200kWh.

IGT016 proposes an amendment to the IGT UNC to increase the frequency with which shippers are permitted to send cyclic meter reads to the IGT. This change uses the new definitions of Larger Annual Read Meter and Smaller Annual Read Meter referred to above. The new timescales proposed state that a cyclic meter read can be rejected by the IGT if more than one valid meter read is received by the IGT:

- a) in the case of a Monthly Read Meter, in any 7 day period

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.

- b) in the case of a Larger Annual Read meter, in any 14 day period, and
- c) in the case of a Smaller Annual Read meter, in any 63 day period

Finally, the Modification removes the obligation contained in IGT UNC Part E, Clause 3.2 on IGTs to use reasonable endeavours to use a meter reading provided when this is received outside of the 10 Business Day limit.

Panel decision

The iGT Modification Panel held on 21 May 2008 unanimously recommended the Modification for implementation, commenting that it supports the efficient and economic operation of the Pipeline Systems and the efficient discharge of the Licensees' Obligations.

The Panel recommended an implementation date of the next release of the IGT UNC six months after Authority consent in accordance with clause 19.2 (c) of section L of the IGT UNC.

The Authority's decision

The Authority has considered the issues raised by the modification proposal and the Final Modification Report dated 2 June 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 License²; 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 objective (d). Our reasons are set out below.

Relevant objective (d) - securing effective competition between relevant shippers and between relevant suppliers.

We consider that the modification will better meet relevant objective (d) as shippers will be permitted to submit more frequent cyclic meter readings to the IGT. We consider that more valid meter reads should therefore be available to derive AQ values and improve the accuracy of energy and cost allocation between shippers.

We consider that the increase in frequency with which cyclic meter reads can be submitted will allow IGTs to improve the meter reading history that they hold against each site and that this in turn will enhance the accuracy of estimated meter readings generated by them for change of supply meter reads.

We note that there is no rationale for the frequency constraints proposed in this modification, beyond matching those currently set out in the Large Transporters UNC. Whilst this is pragmatic and we recognise that the harmonisation of timescales will enable shippers to standardise their processes and reduce cost associated with managing their submission of cyclic meters across all GTs, we consider that it may have been beneficial for an assessment of read submission constraints under the iGT UNC itself to have been

² http://epr.ofgem.gov.uk/document_fetch.php?documentid=13355

made. The constraints currently contained in the large Transporters UNC are themselves subject to modification, and are a product of Xoserve's historic system capacity rather than UNC Parties need or desire to submit reads. It is therefore likely that as systems capacity increases or UNC shippers seek to make better use of existing read data, these constraints will be challenged. Indeed, there are already UNC modification proposals in this area³. However, we do not consider that the acceptance of this modification precludes further assessment and if appropriate future modifications.

We also note that part of this modification will amend Clause E 3.2 of the IGT UNC, such that iGTs will no longer be required to use reasonable endeavours to use a meter reading provided outside of the time limit referred to in Clause E 3.1, though this time limit will in any case be extended from 10 to 15 Business Days after the meter read date upon implementation of iGT UNC modification 012: 'Amendment to the window for acceptance of Meter Reads by Pipeline Operators'.

Decision notice

The Authority directs that modification proposal iGT016: "Submission of More Frequent Cyclic Meter Readings" be made.



Kersti Berge
Head of GB Markets

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

³ See the Joint Office website at: www.gasgovernance.com for UNC175 and UNC202