

Modification proposal:	GTC344/GPL043/UGI035/: 'Mandatory use of defined CSV file formats for Change of Supply and Change of Supply Meter Readings'		
Decision:	The Authority ¹ directs that this proposal be made ²		
Target audience:	Gemserv, Parties to the iGT UNC and other interested parties		
Date of publication:	1 October 2009	Implementation Date:	To be confirmed by GTC/the iGT UNC representative

Background to the modification proposal

This decision letter covers identical proposals to modify the Network Codes of the three Gas Transportation (GT) licensees owned by the International Energy Group (IEG), operating in the UK under the 'GTC' brand. These three licensees, the Gas Transportation Company Limited (GTC), GTC Pipelines Limited (GPL) and Utility Grid Installations (UGI) are hereafter referred collectively as (GTC)

GTC currently operate two different mechanisms for communicating the Smaller Supply Point Change of Supply and Change of Supply Meter Readings Processes:

- 1) Faxed-Based Templates – designed for low volumes of communications to be transmitted via fax, now generally communicated in the same format via email
- 2) 'Comma Separated Value (CSV) Files'³ – allow for automated processing in participants systems. and fully inclusive of all market participants

The CSV file formats were introduced by GTC after Authority approval of Modification GTC342⁴. The purpose of GTC342 was to insert file formats for Change of Supply (CoS) and CoS Meter Reading processes into the GTC Network Codes as appendices and mandated that Users use either the Faxed-Based Templates, or the CSV Files, but not a combination of the two. GTC has indicated that it is no longer efficient or economic to operate the change of supplier process using these two different routes. The proposer also considers that the requirement to support two formats may negatively impact competition between suppliers as the associated complexity in administering two different communication methods introduces opportunities for errors.

The modification proposal

The modification proposal seeks to make CSV file formats the single method of transmitting CoS and CoS Meter Readings, giving both GTC and Shippers the opportunity to automate their process. However, we understand each parties back office procedures could still be operated manually if the wish, once the file is received..

The CSV File Formats would be inserted into the GTC's individual Network Codes as an Appendix and potential future changes would be considered in line with modification procedures of the iGT UNC Section L. The Faxed-Based Templates will remain in the

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 CSV files are specially formatted plain text files, which store spreadsheet or basic database-style information in a very simple format. They are often used as a simple way to transfer a large volume of spreadsheet or database information between programs.

⁴ See [Modification UGI034/GTC342/GPL042 Decision Letter](#)

GTC's individual Network Codes for contingency purposes only i.e. in the event of a systems failure or suspension long enough to otherwise impact the CoS and CoS Meter Readings processes.

iGT UNC Panel⁵ recommendation

At its meeting of 19 August 2009, the iGT UNC Panel recommended by a majority that the modification be implemented. However, the Panel Members could not unanimously agree upon an implementation date. In accordance with paragraph 18.6 of Section L (modification rules) of the iGT UNC, the default implementation date is therefore the sixth scheduled release⁶ of iGT UNC from the date of the Authority's decision..

The Authority's decision

The Authority has considered the issues raised by the modification proposal and the Final Modification Report (FMR) dated 19 August 2009. The Authority has considered and taken into account the responses to the Joint Office's consultation on the modification proposal which are attached to the FMR⁷. The Authority has concluded that:

1. implementation of the modification proposal will better facilitate the achievement of the relevant objectives of the iGT UNC⁸; and
2. directing that the modification be made is consistent with the Authority's principal objective and statutory duties⁹.

Reasons for the Authority's decision

We note that the iGT UNC Panel agreed by majority that this proposal be implemented. Although the Pipeline Operators all considered that the Modification would improve the efficiency of the licensee's operation, we note that one Pipeline User's representative stated that there would be impacts on two Users' systems and that they could not therefore recommend its implementation.

We understand that the original fax-based communication files used by GTC were generally intended for low volumes of communication between iGTs and Pipeline Users. However, as the volume of CoS transactions have increased in line with the growing number of connections to GTC's networks such manual processes have become increasingly costly. We also consider that each instance of manual intervention, particularly those requiring a transfer of data from one medium to another, heightens the risk of data corruption. CSV files were therefore introduced in 2008 in order to handle larger volumes of communication.

We note that the majority of shippers are already utilising the CSV file formats and that the proposal to remove the option of the fax-based file attracted majority support from respondents. Of the two respondents opposed, one suggested that it was unreasonable

⁵ The iGT UNC Panel is established and constituted from time to time pursuant to and in accordance with the iGT UNC Modification Rules

⁶ Updated versions of the iGT UNC are scheduled to be released triannually, during February, June and November of each year.

⁷ iGT UNC modification proposals, modification reports and representations can be viewed on the iGTs' website at www.igt-unc.co.uk

⁸ As set out in Standard Special Condition A11(1) of the Gas Transporters Licence, see: http://epr.ofgem.gov.uk/document_fetch.php?documentid=6547

⁹ The Authority's statutory duties are wider than matters which the Panel must take into consideration and are detailed mainly in the Gas Act 1986.

to expect shippers to make these changes (and incur their cost) at this time, whilst the other referred to potentially preferable and longer term solutions, as may be facilitated through the replacement of the large GTs' UK Link system under *Project Nexus*.

While we accept that some system users would incur a cost in amending their communications arrangements, overall we accept GTC's view that it is no longer economic or efficient for it to operate the CoS and CoS Meter Reading process in two different ways, particularly as operating using Faxed-Based Templates requires a high degree of manual intervention.

Although it may be the aspiration of several shippers to work towards a systems solution that is common to all GTs, as with GTC343, we do not consider that this modification in any way hinders the ongoing work in the area. Rather, we consider that an enduring obligation upon pipeline operators to maintain low technology and costly communications mediums could deter investment in more efficient systems, as they may be constrained in realising the benefits of those systems.

Moreover, each modification must be considered on its own merits. We do not consider that it would be appropriate to deny the stated benefits over the existing baseline that this modification would bring, in favour of what the respondent acknowledged as being the latest of a significant number of initiatives spanning several years aimed at making improvements in this area.

Notwithstanding its recommendation that the proposal be implemented, the iGT UNC panel were unable to reach a unanimous agreement on when it should be implemented. In accordance with the iGT UNC rules, the implementation date would therefore default to the sixth scheduled releases from the date of the Authority's decision, a potential lead time in excess of two years. We consider such a delay to be disappointing given that the majority of panel members agree with the stated benefits of the proposal.

We do acknowledge that adopting CSV file formats may not be a priority for those shippers who have yet to migrate. However, we consider that it would be inappropriate for GTC to continue to bear all of the costs for what is widely acknowledged to be an inefficient method of communication. Given the lengthy period GTC may be required to operate dual processes until the implementation date arrived at by the iGT UNC Panel, it may be appropriate for it to seek to recover any costs that it may reasonably incur in the operation of the non-standard processes. In effect, an administration charge to recover the costs associated with processing the current faxed-based communications. Shippers would therefore have the choice of whether, and when, to invest in their own systems to accommodate CSV file formats or persevere with the Faxed-Based Templates until a more enduring solution may present itself. In developing such a charge, GTC would be required to demonstrate that, amongst other things, it is reflective of the costs incurred¹⁰.

Regardless of whether GTC exercises its commercial discretion to levy a charge on the relevant shippers to recover any additional costs for use of the fax based file formats and irrespective of any developments that may arise under *Project Nexus* or elsewhere, we consider that a direction to implement this modification will signal a departure from low volume and costly means of communicating CoS Meter Readings to and from GTC. We note that other GTs already operate to similar standards, requiring Users to communicate with them via prescribed mediums. This would be a concern if imposing such standards

¹⁰ See GT Licence Standard Conditions 4 and 4A.

had the effect of raising costs and barriers to entry for new, potentially small, market participants. However, all of the User representations to this proposal, including the two opposed to its implementation, came from 'big 6' suppliers. We also consider that CSV files are themselves a relatively low cost and accessible means of communication, simply requiring that data is set out in a delimited, rather than tabular, format. We therefore consider that this proposal is a proportionate means to reduce GTC's costs and whilst it may not of itself have any benefits to competition, nor will it unduly discriminate between Users or otherwise impede competition.

Given the potential for cost savings mentioned above, we consider that this proposal will better facilitate the achievement of relevant objective (a) *the efficient and economic operation of the pipe-line system to which the licence relates*.

We also agree with the Panel views as stated in the FMR that the modification will better facilitate relevant objective (c) *the efficient discharge of the licensee's obligations under this licence* to the extent that GTC will be able to streamline its processes, particularly in respect of Standard Condition 31 – Supply Point Information Service and its more general obligations under the iGT UNC.

Decision notice

In accordance with Standard Condition 9 of the Gas Transporters Licence, the Authority, hereby directs that modification proposal UGI035/GTC343/GPL042: '*Mandatory use of defined CSV file formats for Change of Supply and Change of Supply Meter Readings*' be made.

Andrew Wright

Senior Partner, Markets

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