

Modification proposal:	iGT UNC: "Inclusion of Last Valid Read and Read Date to Portfolio Extract" (iGT027v)		
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:	1 March 2011	Implementation Date:	To be confirmed

Background to the modification proposal

The independent Gas Transporters Uniform Network Code (iGT UNC) requires that where, for an annually read site, a shipper has not obtained a meter reading for at least 24 months, the relevant independent Gas Transporter (iGT) will procure one on a reasonable endeavours basis.

Suppliers² have a licence obligation to take all reasonable steps, including in particular trying to obtain a warrant for entry to the premises, to inspect a meter every two years³. This inspection will, in addition to safety and meter tampering checks, require a meter reading to be taken. It is generally anticipated that a meter reading accompanies the inspection notification⁴ from the shipper to the iGT. Occasionally a reading may not be sent by the shipper when providing notification of a safety inspection, or when sent it may be rejected by the iGT on receipt. In this instance the iGT may carry out a read on the shipper's behalf, commonly referred to as a 'must read'.

A shipper may gain an annually read supply point without a recent accepted actual meter reading being held by the transporter and a must read may become due relatively quickly after a change of supply. Some parties have argued that this may result in the supplier having insufficient time to carry out a meter reading. The iGT may then carry out the must read and charge the shipper.

Some iGTs notify shippers before a must read is due, but this is not done by all iGTs. In addition, there is not a centralised database that shippers can access to determine when a must read will fall due. This may lead to a must read being due without the shipper's prior knowledge.

Under the iGT UNC, iGTs are required to provide a monthly Portfolio Extract⁵ to shippers with details on all their supply points. This extract contains the date of the last meter inspection but not the date of the last valid meter read.

The modification proposal

This modification proposal seeks to require iGTs to include the last valid meter read within the monthly Portfolio extract that they provide to shippers. This will indicate 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 Suppliers are not parties to the iGT UNC, however in most instances the shipper and the supplier are the same legal entity.

³ See Supply SLC12. Where a supplier has been the Relevant Supplier for less than two years, the two year period will be deemed to have expired at least four months after notice that an inspection read has become due (from either the shipper or transporter). If the transporter does not record the date of meter inspections, and has notified the supplier of this, the supplier must inspect the meter every time it reads the meter.

⁴ Shippers are required to submit meter readings to the iGT within 25 business days of the meter read (Section E, paragraph 3.1 of the iGT UNC).

⁵ See Section G, paragraph 20 of the iGT UNC.

last valid read for each meter point, including where this occurred before it was the relevant shipper, and the date on which this read was taken.

The proposer considers that this will provide sufficient information to allow a shipper to take a meter read and submit it to the iGT before a must read becomes due.

Panel recommendation

At its meeting on 19 January 2011, the iGT UNC modification Panel voted unanimously in favour of implementing this modification.

The Authority's decision

The Authority has considered the issues raised by the modification proposal and the Final Modification Report (FMR) dated 26 January 2011. 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 Licence⁶; and
2. directing that the modification be made is consistent with the Authority's principal objective and statutory duties.

Reasons for Authority decision

We consider that, based on the analysis provided, iGT027v better facilitates relevant objective (d). We note that the proposer and some responses to consultation consider that this modification also better facilitates relevant objective (a). Though we have addressed these comments in the section below we are unconvinced by the arguments for objective (a), and have based our decision on how this modification better facilitates objective (d). We consider that the proposal is neutral in relation to all other relevant objectives.

Objective (a): the efficient and economic operation of the pipe-line system

The proposer and some respondents to the consultation on the proposal consider that this modification will allow shippers to be more proactive in obtaining meter reads and submitting them to the iGT. This, they argued would negate the need for a must read.

We consider that shippers having access to up-to-date information that would better allow them to obtain their own meter read, rather than rely on an iGT must read is a potential benefit of this modification. However, we consider that this has been assessed under objective (d).

The proposer and some respondents further considered that carrying out must reads was not a core business operation for iGTs and that there was an efficiency saving in reducing this activity.

We note that the iGT UNC places a requirement on iGTs to carry out a must read and that iGTs may charge for this service. We consider that it has not been clearly demonstrated that lessening the instances where an iGT will conduct a must read will improve the efficient and economic operation of the pipe-line system and that objective (a) is better met. We recognise however, that the over-all costs to shippers, and therefore customers, of delivering meter reads to the iGTs is likely to be reduced, but again we have considered this point under objective (d).

⁶ http://epr.ofgem.gov.uk/document_fetch.php?documentid=13355

Objective (d): the securing of effective competition between relevant shippers and suppliers

The proposer considers that this modification will provide certainty to a shipper that had taken over a site on whether and when the previous shipper had submitted a valid meter read to the iGT. This will allow shippers to more accurately determine when a meter read is due on change of supply and carry out a read accordingly.

It is expected that shippers will be able to procure meter reads at a lower cost than the charges levied by the iGT for a must read. This modification may therefore result in cost savings for shippers.

Enabling shippers to carry out meter reads more efficiently, and in particular not penalising those shippers that are more active in customer acquisitions, may result in these lower costs being passed through to the consumer and may further competition between shippers.

Decision notice

In accordance with SLC 9 of the GT licence, the Authority directs that modification proposal iGT027v: "Inclusion of Last Valid Read and Read Date to Portfolio Extract" be made.

Emma Kelso

Associate Partner, Retail and Market Processes

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