

Modification proposal:	Independent Gas Transporter Uniform Network Code (iGT UNC): Password Protection Protocols for Sensitive Personal Data (iGT044)		
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:	31 May 2012	Implementation Date:	Next scheduled release not less than 6 months from 31 May 2012

Background to the modification proposal

The Data Protection Act 1998³ (DPA) requires companies to deploy 'appropriate technical and organisational measures' to protect personal data. In April 2010, we approved modification proposal iGT026V⁴ which aimed to bring arrangements for the transfer of data between iGT UNC parties into compliance with data protection obligations.

iGT026V sought to address a lack of security around the large amounts of commercially sensitive data passed between Pipeline Operators and Users by introducing a password protection requirement, applicable to customer portfolio and invoice data sent by email, CD or DVD. The modification also created an iGT UNC Ancillary Document called 'Password Protection Protocol' which explained the format of passwords to be used for the transferred data, how often they should change, and a preferred secure means of undertaking data transfers using password protection.

However, 'Changes of Supplier' files are not currently encrypted and transfers of information relating to customer vulnerability are sent via email. A lack of protection leaves this data at risk of disclosure to, and potential misuse by, unintended recipients. This could put iGT UNC parties' in breach of their data protection obligations in the event of this sensitive information being disclosed as a result of being transferred in an insecure manner.

The modification proposal

Raised in December 2011, iGT044 seeks to extend password protection protocols to the transfer of sensitive information relating to customer vulnerability in order to mitigate this risk. This involves introducing two new elements into the iGT UNC.

The first is to stipulate the application of password protection requirements in iGT UNC Section K, Clause 23.2 'Protected Information' to 'Customers with Special Needs' (CNC) files sent between a Shipper and Gas Transporter.

The second is to include the associated additional requirements within the iGT UNC Ancillary Document 'Password Protection Protocol' to extend its applicability to CNC files.

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 Please see Part 1, Schedule 1: <http://www.legislation.gov.uk/ukpga/1998/29/schedule/1>

⁴ Please see <http://www.igt-unc.co.uk/Modifications/Closed+Modifications/iGT026>

iGT UNC Panel⁵ recommendation

The modification was considered at the iGT UNC panel on the 18 April 2012. The Panel voted unanimously in favour of implementing the modification.

The proposer set out that the changes, if accepted, should take place within five days from the date of an Authority decision. This would ensure that the specified data is secured as early as possible through password protection and minimise the risk of disclosure which may put parties in breach of their data protection obligations. However, the Panel agreed that implementation should be in the next release not less than six months from the date of the Authority's decision, primarily due to the system upgrades required by some iGT UNC parties.

The Authority's decision

The Authority has considered the issues raised by the modification proposal, the responses to the industry consultation and the Final Modification Report (FMR)⁶ dated 25 April 2012. The Authority has concluded that:

1. implementation of the modification proposal will better facilitate the achievement of the relevant objectives of the iGT UNC⁷; and
2. directing that the modification be made is consistent with the Authority's principal objective and statutory duties⁸.

Reasons for the Authority's decision

For the reasons stated below, we consider the modification better facilitates Relevant Objective (f).

The iGT UNC panel unanimously agreed that the modification proposal facilitated Relevant Objectives (a) and (f). In particular, it was considered that by introducing the proposed process, Pipeline User's risk of breaching the DPA through transferring sensitive information relating to customer vulnerability in an insecure manner would be reduced, thereby facilitating efficiency in the implementation and administration of the code, Relevant Objective (f). The Panel also considered that there were sufficient grounds to believe the proposal will indirectly further facilitate the efficient and economic operation of the pipeline system (i.e. Relevant Objective (a)) by reducing the potential risks of breaching data protection laws and thus avoiding any costs associated with this issue which could otherwise be incurred by both Users and Operators. However, we consider that there is only a marginal impact on the efficiency of pipeline operation by securing sensitive data through password protection.

We note that three respondents to the industry consultation considered the modification proposal to better facilitate Relevant Objective (f) with one of the six respondents'

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 iGT UNC modification proposals, modification reports and representations can be viewed on the iGT UNC website at <http://www.igt-unc.co.uk/>

⁷ As set out in Standard Condition 9 Gas Transporters Licence, see: <http://epr.ofgem.gov.uk/Pages/EPRInformation.aspx?doc=http%3a%2f%2fepr.ofgem.gov.uk%2fEPRFiles%2fGas+Transporter+Standard+Licence+Conditions+-+10-11-2011+-+Current+Version.pdf>

⁸ 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.

indicating that it also facilitates Relevant Objectives (b) to (g), but without providing reasons.

Relevant Objective (f): the promotion of efficiency in the implementation and administration of the network code

As stated in our decision letter for iGT026V, we agree with the principle behind the modification that sensitive data ought to be secure. This principle is underpinned by the legal obligations that parties handling sensitive data need to meet under the DPA. We agree that password protection offers some level of security over sensitive data and also allows parties to the iGT UNC to meet their wider legal obligations on securing data.

We agree with the panel that by introducing password protection protocols to the CNC file to protect the data of Customers with Special Needs, Pipeline User's risk of breaching the DPA through transferring sensitive information relating to customer vulnerability in an insecure manner would be reduced. Furthermore, codifying the standard for the manner of transfer of this data gives clarification to parties and ensures that interoperability is maintained. We therefore consider that implementation of the modification would ensure that the code arrangements are administered in an efficient way and better meet Relevant Objective (f).

We note that one party believed that whilst this modification is an improvement on the current security standards, it still does not go far enough in providing sufficient security. We feel that this modification further facilitates the Relevant Objectives in comparison to the status quo at this time. However, while we consider that it is the responsibility of any party to ensure their activities are in line with existing legal obligations, including those related to the protection of personal data such as the DPA, we could consider any further modification to strengthen these processes should the need arise.

We also note that a further modification to an individual network code may be necessary to extend the password protection protocol processes across a wider operational area.

Decision notice

In accordance with Standard Condition 9 of the Gas Transporters Licence, the Authority hereby directs that modification proposal iGT044: 'Password Protection Protocols for Sensitive Personal Data' be made.

Declan Tomany

Associate Partner, Smarter Grids and Governance

Signed on behalf of the Authority and authorised for that purpose