

Modification proposal:	Independent Gas Transporter Uniform Network Code (iGT UNC): Identification of Meter Point Supply Pressure (iGT045)		
Decision:	The Authority ¹ does not direct that this proposal be made ²		
Target audience:	Gemserv, Parties to the iGT UNC and other interested parties		
Date of publication:	01 August 2012	Implementation Date:	Not applicable

Background to the modification proposal

Although the meter points at domestic premises are generally supplied at low pressure, i.e. less than 75mbar, it is not unusual for them to be connected to the gas mains at the higher medium pressure of between 75mbar to 2bar, or greater. The training required for the gas engineer to safely and competently carry out work on the supply meter point will vary according to the gas pressure involved, as will the equipment used. Prior knowledge of the gas pressure at the supply meter point may therefore assist in the efficient scheduling of works, limiting the need for multiple site visits.

Currently, the standard means of identifying the gas pressure at a supply meter point will be as part of the technical information that the relevant Gas Transporter (GT) will provide on a site by site basis, upon receipt of what is commonly referred to as a GT1 form. Submission of this form at least 48 hours prior to the works being carried out will discharge Meter Asset Managers' obligation³ to notify the GT.

The modification proposal

The proposal, iGT045, seeks to require the provision of the "Meter Point Supply Pressure" as part of the Portfolio Extract provided on a monthly basis by the independent Gas Transporters (iGTs) to Gas Shippers connected to their networks.

If implemented, iGT045 would require the iGTs to update their Portfolio Extracts to include a new field, with a letter corresponding to the relevant the Meter Point Supply Pressure, as follows:

- L Low pressure - up to 75mbar
- M Medium pressure - 75mbar to 2 bar
- I Intermediate pressure - 2 bar to 7 bar
- H High pressure - above 7 bar

The proposer of iGT045 considered that the provision of this information as part of the Portfolio Extract would further facilitate Relevant Objective (f) of the iGT UNC by reducing the potential for work on site to be aborted owing to the gas supply point pressure being higher than the engineer is competent and/or equipped to deal with.

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 As required under the Gas Meters (Information on Connection and Disconnection) Regulations 1996; this is also required in order to comply with the Meter Asset Managers Code of Practice (MAMCoP).

iGT UNC Panel⁴ recommendation

The modification was considered at the iGT UNC Panel on the 20 June 2012. The five voting panel members present were split, with two votes in favour of implementing iGT045, two votes against and one abstention. The iGT UNC Panel therefore did not recommend implementation of iGT045.

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)⁵ dated 27 June 2012. The Authority has been unable to conclude that implementation of the modification proposal would better facilitate the achievement of the relevant objectives of the iGT UNC⁶.

Reasons for the Authority's decision

We have noted that both those iGT UNC panel members who were in favour of implementing iGT045 and those who were opposed considered the key issue to be one of efficiency in the dissemination of information, therefore making arguments that it would either facilitate or be detrimental to Relevant Objectives b) and f). Those in favour of iGT045 also considered that it would be beneficial to Relevant Objective e). We have therefore assessed this proposal against those three objectives, but also consider that it should have been assessed against relevant objective d). We set out our reasons below.

Relevant objective b) – the coordinated efficient and economic operation of the pipe-line system of one or more other relevant gas transporters

We are unable to properly assess the likely benefits of this proposal as there is nothing in the proposal, responses or FMR to indicate the materiality of the problem that it seeks to address, or indeed the underlying causes of that problem. Whilst we can appreciate that any instance of a second visit being required would increase costs and cause further consumer inconvenience, there is nothing in the proposal to confirm why this would be any less likely if the gas supply point pressure is confirmed in a monthly report, rather than in the GT1 forms as currently.

Two of the iGTs who were opposed to the implementation of iGT045 raised concerns at the systems changes that would be required; whilst they gave no indication of the scale of these systems costs, they did state that between 6 and 9 months would be required to implement them. A third iGT supported implementation but did state that in their view it was seeking to address a communications failure between shippers and their agents and could not be considered to be improving the efficiency of the pipe-line. There were also concerns that no equivalent proposal had been raised in respect of the Gas Distribution Networks.

⁴ The iGT UNC Panel is established and constituted from time to time pursuant to and in accordance with the iGT UNC Modification Rules

⁵ iGT UNC modification proposals, modification reports and representations can be viewed on the iGT UNC website at <http://www.igt-unc.co.uk/>

⁶ As set out in Standard Condition 9 Gas Transporters Licence, see <http://epr.ofgem.gov.uk/EPRFiles/Gas%20Transporter%20Standard%20Licence%20Conditions%20-%2010-11-2011%20-%20Current%20Version.pdf>

Notwithstanding the absence of any quantification of either the costs or benefits that could arise from this proposal, we consider it unlikely that they would be sufficient to have any material impact upon the relative efficiency of the pipeline system. In this case we further consider that any arguments that could have been made regarding the efficiency of the pipe-line would more appropriately have been in the context of relevant objective a)⁷ rather than b) as there appears to be nothing in the proposal that would impact upon any GT other than the one to which the individual supply point is connected. Whilst a reduction in the instances of aborted site visits must increase efficiency, those gains will accrue to the shipper, and the costs of system changes and ongoing duplication of information provision will be borne by the GTs. This proposal is therefore at best neutral in respect of this relevant objective and more probably to be marginally detrimental.

Relevant objective d) - the securing of effective competition between relevant shippers and between relevant suppliers

We consider that there may be an indirect competition issue insofar as several, if not all, of the iGTs also operate metering businesses. Those metering businesses and indirectly the supplier and shippers who contract with them, should not be able to gain an unfair advantage by virtue of their relationship with the iGT. This would be a concern if, for instance, the iGT metering businesses had access to information on the gas supply point pressure that was not made available to other metering businesses. The availability of the GT1 process suggests that this is not the case.

Whilst it is clear that there may be some efficiency gains from the iGT metering business having direct access to this information rather than having to rely upon the GT1 process, there is no evidence at this time that this is hindering competition between the different categories of metering agent and therefore no obvious detriment to relevant objective d).

Relevant objective e) - the provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards are satisfied as respects the availability of gas to their domestic customers

Those panel members who were in favour of implementing iGT045 suggested that the availability of the correct information could avoid potential instances where domestic supply isn't restored as a result of incorrect information. Whilst we recognise that there may be instances where a customer may be off-gas for longer than absolutely necessary due to incorrect information delaying the completion of works, those instances are not intended to be captured by this particular relevant objective. Rather, this refers to a supplier having sufficient gas to cover the reasonable demands of their domestic customers as a whole through, for instance, a 1-in-20 winter. We therefore consider that this proposal is neutral to relevant objective e).

Relevant objective f) - the promotion of efficiency in the implementation and administration of the network code and/or the uniform network code

Nothing in this proposal is intended to replace the obligations set out in the MAMCoP⁸ or elsewhere; it is therefore clear that this is intended to be an entirely additional requirement upon iGTs. Nonetheless, we do have sympathy with shippers' desire to have

⁷ Relevant objective a) - the efficient and economic operation of the pipe-line system to which the licence relates

⁸ Meter Asset Managers Code of Practice

this information available in a readily usable format and consider that the additional burden upon iGTs may be offset and potentially outweighed if it led to administrative efficiencies elsewhere. For instance, we recognise that it could indeed reduce work scheduling errors, and in the absence of further explanation from shippers as to its use, envisage that it may be useful in validating data already held or received from elsewhere, or to act as a proxy for a missing GT1 return, etc. However, we share the concerns of those respondents who suggested that the problem may not lie in the communication of information from the GT. Therefore, without further information we cannot conclude that an additional requirement such as set out in iGT045 would be properly targeted, or indeed effective.

Further, whilst compliance with requirements outside of the iGT UNC such as those set out in the MAMCoP is not of itself a consideration for the iGT UNC relevant objectives, we would be concerned if the availability of gas supply point pressure via other means discouraged the use of the GT1 form or compliance with external requirements more generally.

Given the above, we have concluded that iGT045 should not be implemented.

David Ashbourne

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Signed on behalf of the Authority and authorised for that purpose