

Modification proposal:	iGT UNC: Estimated opening meter reads code amendment (iGT048)		
Decision:	The Authority ¹ directs that this proposal be made. ²		
Target audience:	Independent Gas Transporters (iGTs), Parties to the iGT UNC and other interested parties		
Date of publication:	20 December 2012	Implementation Date:	3 months following the Authority's decision

Background to the modification proposal

Accurate opening and closing bills are vital to a consumer's experience when they transfer supplier. Problems with accuracy create costs for both customers and suppliers. Customers may be charged for the incorrect amount of gas or at the incorrect rate for the gas that they have consumed. Suppliers face costs, for example, when opening and closing meter reads are disputed and subsequently need to be amended through the Shipper Agreed Reads³ process.

The iGT UNC defines the deadline after which a submitted opening meter reading does not have to be accepted by the Pipeline Operator. This is currently set at the 7th Business Day following the Supply Point Registration Date⁴. However, they may, at their discretion, accept it up to the 10th Business Day following registration. If an opening meter reading is not accepted, an estimated reading will be entered in its place and Pipeline Operators charge users for this process.

Under the UNC, a related self-governance modification (UNC 427S) was raised to set a fixed 10 business day timescale for submission of opening meter readings. This UNC modification aligns with Xoserve's⁵ current practice of accepting opening meter readings up to the 10th Business Day after the Supply Point Registration Date. This modification was implemented on 07 December 2012.

The modification proposal

Raised on 13 July 2012, iGT048 seeks to allow suppliers to submit accurate meter readings to the Pipeline Operators up to 16:00 hours on the 10th business day after the Supply Point Registration Date. The Pipeline Operators will therefore be required to accept accurate opening meter reads up to the 10th Business Day following registration rather than it being optional.

The proposer believes that relevant objectives⁶ (a), (e) and (f) of the iGT UNC will be better facilitated by this modification. By having a fixed timescale for submission of opening meter readings, they consider that the modification will increase the number of

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 The Shipper Agreed Reads process sets out a procedure to resolve a dispute where either the old supplier, the new supplier or the customer subsequently disputes the notified reading (actual or estimated).

⁴ Supply Point Registration Date, in respect of a Supply Point, the date of the Supply Point Registration (the registration of one or more Supply Meter Point(s) in the name of a User pursuant to Part CI2 of the iGT UNC).

⁵ Xoserve is the appointed agent, responsible for delivering transportation transactional services on behalf of all major gas network transportation companies. This includes the provision of Estimated Meter Readings.

⁶ As set out in Standard Condition 9 Gas Transporters Licence, to find standard licence conditions see:

<http://www.ofgem.gov.uk/LICENSING/WORK/Pages/licence-conditions-consolidated.aspx>

accurate readings being accepted, thus improving the customer experience. The proposer also considers that the modification will reduce the additional cost that suppliers incur to service iGT network customers as a result of the Pipeline Operator's charges for providing an estimated read. The proposer also considers that these charges are not reflective of the actual costs incurred by the Pipeline Operator.

iGT UNC Panel⁷ recommendation

This modification was considered at the iGT UNC Panel on 21 November 2012. The Panel voted unanimously in favour of implementing the modification. The Panel voted unanimously that, due to the need for some parties to upgrade their systems, the implementation date should be three months following an Authority decision.

The Panel observed that respondents had generally highlighted relevant objectives (d) and (f) as most likely to be facilitated by the modification proposal. The panel agreed with this view and noted that the improved accuracy of data from this modification would improve transparency and reduce the amounts of rebilling.

The Authority's decision

We have considered the issues raised by the modification proposal, the responses to the industry consultation and the Final Modification Report⁸ (FMR) dated 22 November 2012. The Authority has concluded that:

1. implementation of the modification proposal will better facilitate the achievement of the relevant objectives of the iGT UNC; 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 consider that iGT UNC048 would better facilitate Relevant Objectives (d) and (f) and is neutral in relation to the other Relevant Objectives. We note that a number of parties have provided their arguments in favour of Relevant Objective (a) and (e). However, we consider that these arguments would be better assessed under Objectives (d) and (f).

Relevant Objective (d): securing of effective competition between relevant Shippers and between relevant suppliers

Under the current rules, individual Pipeline Operators can decide if a meter reading should be rejected if it is submitted after the 7th business day. This might lead to cases where an accurate meter reading is rejected if it is submitted between the 7th business day and 10th business day. A fixed timescale should allow more accurate meter readings to be accepted, thereby increasing the number of accurate opening and closing bills generated.

⁷ The iGT UNC Panel is established and constituted from time to time pursuant to and in accordance with the iGT UNC Modification Rules

⁸ iGT UNC modification proposals, modification reports and representations can be viewed on the iGT UNC website at <http://www.igt-unc.co.uk/>

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.

Shippers and/or relevant suppliers would also be able to amend and re-submit meter readings which have failed validation initially. This can happen, for example, due to incorrect meter technical details. This would help to reduce the number of instances where an estimated opening meter reading has to be provided. A reduction in the number of estimated opening meter readings provided should result in a reduction in the number of disputed reads.

We consider that there are cost-savings to be made for the reasons stated above. This will in turn reduce costs-to-serve customers on iGT networks, which should better facilitate competition.

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

This modification would also remove potential ambiguity in the iGT UNC for the submission of opening meter readings and thus improve consistency in application of the code. It will provide a clearer window for the submission of opening reads which previously left a degree of discretion for iGTs. This modification would also bring the iGT UNC in line with the arrangements that exist under the UNC following the implementation of UNC 427S.

Decision notice

In accordance with Standard Condition 9 of the Gas Transporters Licence, the Authority hereby directs that the modification proposal iGT UNC048: Estimated Opening Meter Reads Code Amendment be made.

Colin Sausman

Partner, Retail Markets & Research

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