

Modification proposal:	<b>Independent Gas Transporter Uniform Network Code ('iGT UNC'): Inclusion of data items relevant to smart metering into existing industry systems (iGT047)</b>		
Decision:	The Authority <sup>1</sup> directs that this proposal be made <sup>2</sup>		
Target audience:	Gemserv, Parties to the iGT UNC and other interested parties		
Date of publication:	19 July 2013	Implementation Date:	To be confirmed by the iGT UNC Secretary

## Background to the modification proposal

The Smart Metering Implementation Programme (the 'SMIP') is a major energy infrastructure project that is being led by the Department of Energy and Climate Change ('DECC') for the replacement or upgrade of over 50 million domestic and non-domestic electricity and gas meters by the end of 2020. The SMIP has defined two phases for the rollout of smart meters, the:

- Foundation Phase<sup>3</sup>; and
- Mass Rollout Phase<sup>4</sup>.

As part of the SMIP, DECC has established working groups to assist with the detailed assessment of specific parts of the smart metering implementation proposals. Working Group 4 of SMIP's Smart Metering Regulation Group (the 'SMIP Working Group') considered the consequential changes needed to existing industry codes (including the Independent Gas Transporter Uniform Network Code ('iGT UNC') and the Uniform Network Code ('UNC') to facilitate the delivery of the SMIP. The SMIP Working Group recommended more detailed consideration of adding requirements to the iGT UNC (the 'Requirements') to:

- Place an obligation on Shippers<sup>5</sup> to provide independent Gas Transporters ('iGTs')<sup>6</sup> with specific, additional data items in respect of a meter point where smart metering is installed by the Supplier; and
- Grant permission for an iGT to release (where required) specific meter point data to the Data and Communications Company<sup>7</sup> ('DCC') after the appropriate licence has been granted.

The SMIP concluded that consequential changes to the iGT UNC to meet the Requirements should be considered in accordance with normal iGT UNC governance arrangements.

<sup>1</sup> The terms 'the Authority', 'Ofgem' and 'we' are used interchangeably in this document. Ofgem is the Office of the Gas and Electricity Markets Authority.

<sup>2</sup> This document is notice of the reasons for this decision as required by section 38A of the Gas Act 1986.

<sup>3</sup> The Foundation Phase began in March 2011 and is intended to assist industry's preparation for the Mass Rollout.

<sup>4</sup> The Mass Rollout Phase (also referred to as the Enduring Phase) is proposed to start in late 2015 and be complete by end 2020.

<sup>5</sup> The defined term in the iGT UNC relevant to Shippers is Pipeline Users.

<sup>6</sup> The defined term in the iGT UNC relevant to iGTs is Pipeline Operators.

<sup>7</sup> The SMIP proposals include establishment of a new Data and Communications Company which would be required to provide data and communications services for smart metering nationwide.

## **The modification proposal**

ES Pipelines Ltd (the 'Proposer') raised iGT UNC Modification Proposal iGT047 in July 2012. This proposal was intended to achieve the Requirements. The iGT UNC Modification Panel (the 'Panel') established a Workgroup (the 'iGT047 Workgroup') to assess and further develop Modification Proposal iGT047.

The iGT047 Workgroup assessed changes to the iGT UNC which could facilitate the Requirements. Modification Proposal iGT047 would:

- Place an obligation on Shippers to provide additional data items to iGTs when smart metering is installed at a meter point. The Shipper would need to obtain this data from the relevant Supplier;
- Require iGTs to capture and store the new data items as part of the Supply Point Register<sup>8</sup> and ensure that data was available to other iGT UNC Parties as required by the iGT UNC to facilitate the change of supplier process; and
- Permit Transporters to share specific data items with the DCC when requested.

The iGT047 Workgroup produced an iGT-UNC ancillary document<sup>9</sup> (the 'Ancillary Document'). Modification Proposal iGT047 would require Shippers to provide data to iGTs in accordance with the file formats and rules defined in the Ancillary Document.

Five of the seven respondents to the iGT047 Modification Proposal consultation supported the proposed changes to the iGT UNC. The other two respondents' support for these proposed changes was qualified due to concerns about the time that would be available for the implementation of significant system changes.

## **iGT UNC Panel<sup>10</sup> recommendation**

Modification Proposal iGT047 was discussed at the Panel meeting held on 19 June 2013. At this meeting, the Panel members unanimously decided to recommend that Modification Proposal iGT047 should be implemented.

The Panel recommended that the implementation date for the iGT047 Modification Proposal should align with the date determined by the UK Link Committee for the implementation of UNC430<sup>11</sup>. Noting that the implementation timescales for the UNC430 Modification Proposal has not yet been confirmed but has a backstop date of 1 April 2014, the Panel acknowledged that its iGT047 implementation date recommendation may require an additional release of the iGT UNC<sup>12</sup>.

## **The Authority's decision**

The Authority has considered the issues raised by the modification proposal and the Final Modification Report (FMR) dated 20 June 2013. The Authority has considered and taken

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<sup>8</sup> Part C1 2.1 of the iGT UNC defines the Supply Point Register as "a register of all Supply Meter Points, Supply Points and Supply Point Premises".

<sup>9</sup> iGT-UNC Ancillary Document: Data Items Relevant to Smart Metering File Formats (version 1.0 18 June 2013)

<sup>10</sup> The iGT UNC Panel is established and constituted from time to time pursuant to and in accordance with the iGT UNC Modification Rules

<sup>11</sup> UNC430 proposed changes to the UNC that were broadly equivalent of those proposed by iGT047 to the iGT UNC. UNC430 was approved by the Authority on 26 April 2013.

<sup>12</sup> The iGT UNC document is periodically "released" – ie updated and republished.

into account the responses to Genserv's consultation on the modification proposal which are attached to the FMR<sup>13</sup>. The Authority has concluded that:

1. implementation of the modification proposal will better facilitate the achievement of the relevant objectives of the iGT UNC<sup>14</sup>; and
2. directing that the modification be made is consistent with the Authority's principal objective and statutory duties<sup>15</sup>.

### **Reasons for the Authority's decision**

We have assessed the proposed modification against the iGT UNC relevant objectives. The proposer considered that it would better facilitate relevant objective (d). We agree that it would better facilitate relevant objective (d). We consider that the modification proposal has no impact or is neutral against the remaining relevant objectives.

We are concerned that the FMR does not present information about the estimated costs associated with the iGT047 Modification Proposal. Indicative cost estimates and possible funding options were considered by the iGT047 Workgroup<sup>16</sup>. We note from that discussion that costs are not expected to be significant<sup>17</sup>. We also note that iGTs are continuing to consider potential allocation of these costs. We understand from the discussion at the Workgroup that there is broad agreement that the costs should be allocated in accordance with the 'user pays' principle (ie fall to those parties that will benefit, Shippers, and not iGTs). We understand that iGTs are considering options to give effect to this and may, if appropriate, bring forward a change to the Agency Charging Statement<sup>18</sup>.

We acknowledge that an implementation date for Modification Proposal iGT047 has not yet been confirmed. The Panel intend to seek to align implementation of these iGT UNC changes with the date confirmed by the UK Link Committee for the implementation of the UNC430 changes. The scope of the proposed iGT047 and UNC430 changes are closely aligned, and as such we consider that the Panel's recommendation to seek to align the implementation of the iGT047 changes with the implementation date for UNC430 is reasonable. We would expect the iGT UNC Panel Secretary to be mindful of the UNC430 implementation date that is confirmed by the UK Link Committee.

### ***Relevant objective (d): the securing of effective competition between relevant shippers and between relevant suppliers***

iGT047 would increase the scope of information that is held in the Supply Point Register to include information that would allow industry parties to identify if a smart metering system is installed at a property. This is consistent with the scope of the Requirements identified as necessary to facilitate the implementation of the SMIP.

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<sup>13</sup> iGT UNC modification proposals, modification reports and representations can be viewed on the iGT UNC website at <http://www.igt-unc.co.uk/>

<sup>14</sup> As set out in Standard Condition 9 Gas Transporters Licence, see: <http://epr.ofgem.gov.uk/index.php?pk=folder414978>

<sup>15</sup> 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.

<sup>16</sup> Meeting 4 of the iGT047 Workgroup: <http://www.igt-unc.co.uk/Modifications/Open+Modifications/iGT047DG>

<sup>17</sup> The minutes identify costs of £20k per iGT in addition to £7k annual costs. Certain costs associated with the existing systems are expected to fall away, suggested as being roughly £20k across all iGTs.

<sup>18</sup> Gas Transporters are required by standard special condition A15 of their licences to determine and prepare an Authority approved agency charging statement, setting out the scope of core services and user pays services, the methodology for deriving charges for user pays services and the charges associated with such services.

We consider that the availability of additional data stored in the Supply Point Register to an incoming Supplier could improve the customer experience during the change of supplier process. We agree with the views set out in the iGT047 FMR that there would be advantages if an incoming Supplier is better able to identify and offer terms that are appropriate to the customer's supply meter point.

We consider that measures that facilitate improvements to the effectiveness of the change of supplier process should improve customer experience and therefore would be expected to promote more effective competition in gas supply.

***Relevant objective (f): Promotion of efficiency in the implementation and administration of the Code.***

One of the iGT047 Modification Proposal consultation respondents considered that the proposed change would have a negative impact on relevant objective (f) as a possible need for further changes to the iGT UNC was identified in the draft modification report. Informed by a subsequent iGT047 Workgroup review of proposed changes to the SPAA<sup>19</sup>, the Panel concluded that further iGT UNC changes would not be required to meet the Requirements and therefore did not support the consultation respondent's view.

We have concerns about the level of clarity in the proposed changes to the iGT UNC in respect of the definition of DCC that is used to describe the scope of the permission for the iGT to share specific data items. However, the iGT UNC is subject to review and we encourage industry parties to propose changes to the iGT UNC to improve the clarity and consistency of the obligations, particularly when more is known of the DCC arrangements.

We do not consider that the iGT047 Modification Proposal would have a negative impact on relevant objective (f).

**Decision notice**

In accordance with Standard Condition 9 of the Gas Transporters Licence, the Authority hereby directs that modification proposal iGT047: 'Inclusion of data items relevant to smart metering into existing industry systems' be made.

**Maxine Frerk  
Partner Retail Markets & Research**

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

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<sup>19</sup> SPAA Change Proposal CP 13/229 ('Amendment to Schedule 23 to ratify Data Enquiry functionality') was implemented as part of the June 2013 SPAA update.