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for energy consumers

UNC Panel Chair, UNC Panel, Gas
Transporters, Gas Shippers and
other interested parties

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Dear Tim

Authority decision to 'send back' UNC modification proposal 451/451A 'Individual settlements for Pre-Payment & Smart meters'

On 19 September 2013 the UNC Panel submitted its Final Modification Report ('FMR') for modification proposals UNC451 and UNC451A, meeting the urgent timetable that had been set for UNC451 on 26 April 2013¹.

We have concluded that we cannot properly decide upon UNC451 and the alternative proposal 451A based upon the FMR as submitted to us and that we should therefore send the proposal back to industry for further work². In particular, you will be aware that the legal text contained within the FMR is currently incomplete; we direct that the legal text should be prepared that would enable either modification proposal to be given full effect, should that be our subsequent decision.

We acknowledge that adherence to an urgent timetable may, by definition, necessitate the deviation from normal modification procedures. However, it is extremely disappointing that the legal text was not completed within the agreed timetable. Notwithstanding the urgent status of the modification proposals, we would have expected the relevant Gas Transporter ('GT') responsible for production of the legal text to take all reasonable steps to enable its completion. This does not appear to have been done. In the event that the proposals remain insufficiently clear to produce associated legal text, it would be reasonable to expect the GT to provide the Joint Office the reasons for this, enabling it as the Code Administrator to prepare the written report the modification rules³ envisage for such circumstances.

We have also sought further clarity from Xoserve on its high level estimate of the implementation and operational costs of implementing either proposal. In the interests of transparency, it would be appropriate for any further information Xoserve provides on this to be submitted to the UNC Panel and included in a revised version of the FMR.

After addressing the issues discussed above and revising the FMR accordingly, the UNC Panel should re-submit the FMR to us for decision as soon as practicable. If you would like to discuss this letter please contact Jon Dixon at: jonathan.dixon@ofgem.gov.uk

Yours Sincerely

Maxine Frerk

Partner, Retail Markets and Research

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

¹ See: http://www.gasgovernance.co.uk/sites/default/files/UNC451_UD.pdf

² Pursuant to Gas Transporters licence Standard Special Condition A11.

³ UNC Modification Rule 9.6.3