

iGT UNC Modification Proposal

Date	4 th March 2009
Urgency	Non-urgent
Reference	iGT022
Status	For Consultation
Title	Remove references to the “Metering Charges Statement” from the iGT UNC
Proposer	E.ON UK - Colette Baldwin
iGT UNC / Pipeline Operator	iGT UNC
Modification Proposal Dates	<i>Circulation: 17/04/2009</i> <i>Response: 11/05/2009</i> <i>Circulation of DMR: 02/06/2009</i> <i>Response to DMR: 23/06/2009</i> <i>FMR sent to authority: 19/08/2009</i> <i>Suggested Implementation date: June 2010 Release</i>

Urgency

Non-urgent

Background

iGTs are obligated by their GT licence to provide metering at the request of a relevant Shipper. However, the current arrangements lead more to a Developer/iGT-led approach to metering provision with the Developer and the iGT/UIP entering into an agreement to build a network and install metering before a Shipper/supplier have confirmed their agreement to be responsible for the supply point.

Under the current arrangements, metering, although formally financially unbundled from transportation revenue, is still entrenched within the iGT Uniform Network Code - which is defined as a document dealing with *transportation* issues as required by the GT’s Licence Conditions. Ofgem has indicated in its open letter in response to the publication of ESP’s Metering Charges Statement that, in its view, transportation arrangements do not include metering, and E.ON therefore believe it is inappropriate to continue to include metering provision and charging statements within the iGT Uniform Network Code.

Additionally, the Metering Charges Statement is not subject to the modification process of the network code, nor does it have a formal change process that will allow Shippers to engage with the Transporters over the nature of the charges or terms on which metering is provided. In the current arrangements, although metering should be at the “request” of the Shipper, the Shipper has no ability to influence the level of charges applied or to negotiate the terms on which it is provided. More worrying is that the SLC process that ensures the licence protection from unreasonable charges that is applied to transportation revenue does not extend to metering charges - which is an unacceptable risk to Shippers and ultimately to customers as these costs feed into the prices customers pay for their energy.

The Proposal

The proposal seeks to remove all reference to the Metering Charges Statement from the iGT Uniform Network Code and introduce the concept of a commercial “Pipeline Operator’s Metering Contract” to be entered into between Pipeline Operators and Pipeline Users.

Suggested timescale for implementation

Six months from authority consent.

How will the proposal operate?

The proposal will require the Pipeline Operators to introduce a contract(s) for Pipeline Operators and Pipeline Users for the provision and maintenance of supply point meters.

The contract(s) will cover the charges and terms that will apply to:

- the provision and maintenance of meters;
- the Post Emergency Metering arrangements;
- prepayment metering; and
- last resort metering.

Facilitation of the relevant objectives

E.ON believe this modification will better facilitate the relevant code objective:

d. so far as is consistent with sub-paragraphs (a) to (c) the securing of effective competition between relevant Shippers and between relevant suppliers - by ensuring that there are commercial metering arrangements that will enable Shippers/suppliers to have choice on the metering arrangements they choose for customers on iGT networks in the same way they can choose alternative metering providers for customers whose Transporters are under a licence obligation to provide “fair and reasonable” competitive metering arrangements.

Proposed Legal Text**PART D - SUPPLY METER INSTALLATION****3 Provision by the Pipeline Operator****3.2 Where this Clause 3 applies:**

(a) subject to paragraphs (d) and (e) and to Clauses 3.4 and 6.1, the Pipeline Operator will be responsible for securing (at its cost but subject as provided in this paragraph (a)) (on behalf of the Registered User) the installation (in accordance with Clause 2.2), maintenance, repair, exchange and replacement of the Supply Meter Installation or relevant part thereof provided by the Pipeline Operator, within a reasonable time after a request to do so and subject to payment of the charges (if any) in respect of the same provided for in the Transportation Statement or in the ~~Metering Charges Statement~~ **Pipeline Operator's Metering Contract**;

PART G - PIPELINE TRANSPORTATION CHARGES, INVOICING, PAYMENT AND CODE CREDIT**6 Value Added Tax**

All amounts expressed as payable by a Pipeline User or the Pipeline Operator pursuant to the Code, and whether the amount thereof is set out in the Code or determined by reference to the Transportation Statement or **Pipeline Operator's Metering Contract** ~~Metering Charges Statement~~ or otherwise, are exclusive (unless expressly otherwise stated) of any applicable Value Added Tax (and accordingly Value Added Tax shall be paid by the paying party where payable in respect of any such amount).

Part M - DEFINITIONS

~~“Metering Charges Statement” means the document if any issued from time to time by the Pipeline Operator which is not the Transportation Statement and which sets out the Pipeline Operator's charges (if any) for the provision of Supply Meters and other services related to Supply Meters;~~

“Pipeline Operator's Metering Contract” means a contract between the Pipeline Operator and the Pipeline Users which details the basis upon which charges will apply for the provision of Supply Point Meters and other services related to Supply Point Meters and will provide information of any other terms that will apply to the provision of those services.

Completed forms should be returned to the iGT UNC Representative, Gemserv Ltd at iGT-UNC@gemserv.com or faxed to 020 7090 1001