

Stage 04: Final Modification Report

iGT054/A/AA

Alternative Profile for Pre-Payment Meters

At what stage is this document in the process?

- 01 Modification Proposal
- 02 Workgroup Report
- 03 Draft Modification Report
- 04 Final Modification Report



Panel recommended/did not recommend implementation of iGT054(A/AA)



High Impact:



Medium Impact:



Low Impact:
Shippers and Transporters

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About this document:

This document is a Final Modification Report, presented to the Panel on 21 May 2014.

The Authority will consider the Panel's recommendation and decide whether or not this change should be made.



Any questions?

Contact:

Code Administrator



igt-unc@gemserv.com



0207 090 1044

Proposer (iGT054):

Huw Comerford



huwcomerford@utilita.co.uk



01962 891 150

Proposer (iGT054A)

Colette Baldwin



colette.baldwin@eonenergy.com



02476 181382

Proposer (iGT054AA)

Adam Pearce



adamp@espipelines.com



01372 225 506

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1. Plain English Summary

Is this a Self-Governance Modification?

No

If so, will this be progressed as a Fast Track Modification?

No

Rationale for Change

On 5th July 2013, Utilita raised iGT054. The modification sought to introduce new reporting requirements on shippers and iGTs, that would provide the Large Transporters with the data required to assign the Prepayment Meter EUC (developed as part of modification UNC451AV) to those Supply Points where either a prepayment meter or a smart meter operating in prepayment mode is installed. The relevant supply points will then be reconciled and billed based on the prepayment meter EUC's profile.

On 17th July 2013, E.On raised iGT054A, an alternate to Utilita's iGT054. E.On's modification mirrored the solution put forward by iGT054, but stripped out the retrospective element of the modification.

Ofgem approved UNC451A, essentially rejecting the retrospective element of Utilita's UNC451 modification. As a result, Utilita indicated that they would be amending their modification to remove the retrospective element. This meant that two modifications seeking to make identical changes to the iGT-UNC existed. Subsequently a further change was made to UNC451 to require that the report to the Authority to provide reassurance that Shippers are not electing meter points only at times when a credit is expected, should only be produced as and when requested by the Authority.

At the Development Group on the 20th February 2014, ES Pipelines raised iGT054AA. ES Pipelines' modification mirrored the solution put forward by iGT054A, but stripped out the 'Smart Meters operating in prepayment mode' element of the proposal.

Solution

The group determined that Xoserve would require data from the iGTs in order assigned the new EUC (created as part of UNC451A) to iGT supply points.

It became clear that, in order for the data being passed to the Large Transporters (i.e. Xoserve) to be included in the calculations for reconciliation and billing, a modification would also need to be raised to the UNC obligating the Large Transporters to use the reports from iGTs. For information only, this was subsequently raised by Utilita on the 25th February 2014 (UNC0486 – Use of the Pre-Payment Profile For iGTs).

Relevant Objectives

The Proposers understand that these Modifications better facilitate Relevant Objectives (d) (all Modifications) and (f) (iGT054AA only).

Implementation

The Development Group established that the desirable implementation date will align with the start of the 2014/15 Gas Year (1st October 2014). iGTs and shippers confirmed that this modification would not require any internal system changes.

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2. Rationale for Change?

Under the current regime all SSPs are subject to RbD, and their allocation is determined by the EUC1 banding. However as they have a higher visibility of their usage the profile of a pre-payment customer is flatter than that of a standard domestic credit meter. This effectively results in an over allocation of gas during the winter period and under allocation of gas during the summer period for this sector of the market. This can have financial implications which could affect shipper's allocation costs, especially smaller shippers. Xoserve have done analysis on daily metered data we have provided to them on our smart meters in pre-payment mode and this supports the above.

Summary of key discussions

Below is a summary of the key discussions that took place in the iGT054DG in meetings held between October 2013 and March 2014. For more detailed descriptions of the specific issues, please refer to the Development Group minutes.

The latest versions of [iGT054](#) and its alternates, [iGT054A](#) and [iGT054AA](#) can be found on the iGT UNC website.

Legal text has been produced by the iGTs for each modification which was also presented to and discussed by the workgroup.

Reporting requirements

The group determined that Xoserve would require data from the iGTs in order assigned the new EUC (created as part of UNC451A) to iGT supply points.

Xoserve confirmed that the maximum data required from iGTs would be:

- MPRN
- Meter Point AQ with PPM
- LDZ
- Shipper ID
- LMN
- LMN AQ (aggregate of Prepayment Meters)
- Project Number

The group discussed whether Xoserve would need to carry out any validation on the report provided by the iGTs. Whilst this was desirable the group agreed that such an obligation would fall under the UNC/CSEP NExA and should only be carried out if analysis showed there was a business case for doing so. If the associated UNC modification (UNC0486) does come to state that Xoserve will be required to validate the iGT PPM Report, then iGT054/A/AA will have to be modified to include business rules around receiving a rejection file, investigating the reason for rejection and resending a file to Xoserve by a certain date.

In order for the iGTs to add the Smart Meters operating in prepayment mode to the report provided to Xoserve, shippers would need to provide iGTs with the following data items for each relevant supply point prior to the iGT sending a monthly report to Xoserve:

- Meter Point Reference with Smart Meter operating in prepayment mode

- Meter Serial Number

It was agreed by the group that the timing of these reports should align with the equivalent processes described in UNC451AV.

The group considered whether shippers could provide the reports directly to Xoserve. Members felt that data from the industry's registration systems should be used, particularly as iGTs have the ability to validate the data received from shippers, whereas Xoserve would not be able to.

Requirement for a UNC modification

It became clear that, in order for the data being passed to the Large Transporters (i.e. Xoserve) to be included in the calculations for reconciliation and billing, a modification needed to be raised to the UNC obligating the Large Transporters to use the reports from iGTs.

Utilita raised the modification to the March 2014 UNC Panel.

The workgroup did consider whether a variation to UNC451V/451AV could be made to include iGT data where it was provided to the Large Transporters. The feedback given was that it was originally considered by the UNC, but that a decision was taken not to include iGT data.

The Development Group were of the view that iGT054/054A/iGT054AA would need to be sent for Authority Decision in parallel to the UNC modification (obliging the Large Transporters to use the iGT data in RbD and billing). The group considered that without the UNC modification, it would be hard to argue that iGT054/054A/iGT054AA better facilitate the code's Relevant Objectives.

Analysis of Materiality

iGTs provided analysis that suggested there were approximately 30,000 prepayment meters and 10,000 smart meters on iGT networks. Shippers fed back that 2-3% of smart meters were operating in prepayment mode (between 200-300 meters).

No party provided any historical analysis of SAP prices being applied to EUC1 and a PPM EUC, to supplement the analysis provided by Utilita as part of the modification.

iGT funding for production of reports

iGTs raised concerns around the costs, in particular the required man hours, of implementing the proposal under iGT054/054A.

iGTs took an action to discuss potential funding approaches for this modification. iGTs concluded these discussions by agreeing that work needed to be carried outside of the iGT054 Development Group, if a funding mechanism were to be brought into the iGT-UNC. iGTs noted that this did not preclude individual iGTs from seeking to charge shippers for the services provided as part of iGT054/iGT054A/iGT054AA where they (and Ofgem) deemed that the costs of which were not currently being recovered through shipper transportation charges. Shippers and iGTs agreed that charges could not be levied on shippers in relation these services through a mechanism that did not include a consultation with industry and the ability for Ofgem to veto the iGT's funding proposal (i.e. through an addition to an iGT's Transportation Charges Statement).

iGT054AA was raised to remove a large element of the mod's complexity and thus cost for iGTs, after the proposers of iGT054 and iGT054A refused to amend their modifications.

3. Solution

iGT054 / iGT054A (iGT054 only in BLUE; iGT054A only in RED)

It is proposed any pre-payment meter or Smart meter operating in pre-payment mode, be reconciled on a profile [for each LDZ, or group of LDZs dependent on the judgement of the Large Transporters' Agent, whichever is the most appropriate approach to aggregating the available data,] derived for pre-payment meters rather than the current EUC 1 profile which is based on the usage from a credit meter. [Xoserve \[the Large Transporters' Agent\]](#) shall utilise the profile developed under UNC Modification 0451AV.

Pipeline Operators will need to report to [Xoserve \[the Large Transporters' Agent\]](#) the number of Pre-payment Meters or Smart meters operating in pre-payment mode on their networks to allow for the appropriate adjustment in the RbD billing for SSPs.

Detailed Business Rules:

1. Scope

1.1 - Any supply point that has a pre-payment or smart meter, in pre-pay mode, which is held on an iGT's portfolio to be reconciled to the alternative pre-payment profile.

1.2 – For the multi-metered supply points the aggregated AQ will need to be below and remain below the LSP threshold and all meters must either be pre-payment or smart meters in pre-pay mode for the supply point to use the alternative profile.

1.3 - It is intended that this modification will be superseded by the UK Link Replacement and the UNC modifications related to this.

1.4 – Each iGT will take a snap shot of all meter points that are shown on their portfolios as having a pre-payment or smart meter at the 15th of the month to identify the potentially eligible meter points.

1.5 – All pre-payment meters identified in the snap shot taken in 1.4 will be subject to the new pre-payment profile.

1.6 - To identify the smart meters in pre-pay mode, each shipper may provide monthly to each iGT, no earlier than the 16th of the month and no later than the 21st of the month, a list of meter points where they reasonably believe a smart meter was installed and operating in pre-pay mode on 15th of each month. This list will contain the MPRN. Any not in the iGT snapshot taken under 1.4 will not be eligible. If a list has been provided by any Shipper in one month and no list is received in the following month, each iGT shall use the list provided by the Shipper in the previous month. For the avoidance of doubt, any MPRN included in a list provided by Shippers is expected to remain there for a whole year - **reports will be submitted by each iGT to the Authority to provide reassurance that Shippers are not electing meter points only at times when a credit is expected.** **At the request of the Authority reports will be submitted by each iGT to the Authority to provide reassurance that Shippers are not electing meter points only at times when a credit is expected.**

1.7 – Between the 22nd and 28th days of each month, each iGT will send to Xoserve a list of all pre-payment meters and smart meters operating in pre-pay mode using the reports in 1.4 and 1.6.

1.8 – Any smart meter not in pre-pay mode, or in pre-pay mode that is not provided in the report in 1.6, will remain subject to the EUC1 profile.

1.9 – No subsequent amendments to the snapshot taken by each iGT nor the information provided by Shippers will be accepted nor actioned – the initial eligible supply point identification will be sacrosanct and this is a one-off adjustment, never to be revisited.

2. Conditions for eligibility when the snap shot (1.4) is taken.

2.1 - Must be a SSP, with either a pre-payment or smart meter in pre-pay mode installed that is held on the relevant IGT portfolio. The status of the smart meter will be determined by the monthly shipper report in 1.6.

2.2 - The following events will automatically cause the meter point to revert to being subject to the EUC1 Profile:

- i. The meter is exchanged and a dumb credit meter is installed.
- ii. The smart meter is changed to credit mode.
- iii. As part of an AQ review or appeal the supply point of which the meter point is part becomes an LSP.

3. Threshold Crossers

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3.1 – If due to any reason an eligible meter point crosses the threshold from an SSP and becomes an LSP after the 15th of the month it will continue to benefit from the alternative pre-payment profile until the end of the month in which the snapshot was taken.

4. Change of Shipper

4.1 – Where a Change of Shipper occurs between the 16th and the final day of the month, the Large Transporters Agent will continue to apply the PPM EUC Profile to the Supply Point until the end of the month.

Note: Rules 3 and 4 will form part of the UNC modification (UNC0468), as they are clarification of how the Large Transporters should treat instances of an AQ threshold crosser and a change of shipper. They will not form part of the iGT054A legal text as they are not obligations on either iGTs or Shippers, and have been included in these business rules for clarity only.

iGT054AA

Pipeline Operators will need to report to the Large Transporters the number of Pre-payment Meters on their networks to allow for the appropriate adjustment in the RbD billing for SSPs.

Detailed Business Rules:

1. Scope

1.1 - Any supply point that has a pre-payment meter installed, which is held on an IGT's portfolio to be sent to the Large Transporters, will be subject to the alternative pre-payment profile.

1.2 – For the multi-metered supply points the aggregated AQ will need to be below and remain below the LSP threshold and all meters must either be pre-payment or smart meters in pre-pay mode for the supply point to use the alternative profile.

1.3 - It is intended that this modification will be superseded by the UK Link Replacement and the UNC modifications related to this.

2. Process

2.1 – Each IGT will take a snap shot of all meter points that are shown on their portfolio as having a pre-payment meter installed for the 15th of each month.

2.2 – Between the 22nd and the 28th day of each month, each IGT will send to the Large Transporters (i.e. Xoserve) the report produced in 2.1.

3. Conditions for eligibility when the snap shot (1.4) is taken.

3.1 Must be an SSP with a Prepayment Meter installed, as per the data held on the relevant IGT portfolio.

3.2 The following events will automatically cause the meter point to revert to being subject to the EUC1 Profile:

The Prepayment meter is exchanged and a dumb credit meter is installed.

As part of an AQ review or appeal, the supply point becomes an LSP.

4. Threshold Crossers¹

4.1 If an eligible meter point crosses the threshold from an SSP and becomes an LSP after the 15th of the month it will continue to be subject to the alternative pre-payment profile until the end of the month in which the snapshot was taken.

5. Change of Shipper¹

5.1 Where a Change of Shipper occurs between the 16th and the final day of the month, the Large Transporters (Xoserve) will continue to apply the PPM EUC Profile to the Supply Point until the end of the month.

6. Funding

6.1 No collective funding mechanism is being proposed as part of this modification, however this should not preclude any iGT from seeking to recover the costs incurred

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as a result of the services provided in 2.1 and 2.2 of these business rules, through an existing, contractually binding mechanism. For clarity, nothing in the legal text for iGT054AA will place any obligation on shippers to pay iGTs for the services provided under this modification.

¹Note: Rules 4 and 5 may form part of the associated UNC modification UNC486, as they are clarification of how the Large Transporters should treat instances of an AQ threshold crosser and a change of shipper. They will not form part of the iGT054AA legal text as they are not obligations on either iGTs or Shippers, and have been included in these business rules for clarity only.

4. Relevant Objectives

Relevant Objectives to be better facilitated: Objective D (all proposals)

Accurate cost allocations are a fundamental underpinning of a competitive market. Implementation would allocate transportation and energy costs differently, and the proposer believes this would more accurately allocate costs by better recognising the true usage pattern of PPM s over the year. More accurate reconciliation for this sector of the market is especially important for any smaller supplier which would want to focus on this area. Rejection of this modification could have a detrimental effect on competition as it could put smaller suppliers focussing on this market in a position they cannot sustain, creating risk and uncertainty as the impact is volatile and unpredictable.

Implementation of this proposal would facilitate improved allocation of energy which would be more reflective of the gas consumed by pre-payment customers. It would reduce the financial risk that shippers, particularly smaller niche shippers, are exposed to, in a more general allocation profile for all SSPs.

Relevant Objection to be better facilitated: Objective F (iGT054AA only)

ESP believes, in relation to iGT054 and iGT054A, by removing the more complex arrangements around reporting Smart Meters operating in Prepayment mode, that this modification is promoting efficiency in the implementation of the code. The number of Smart Meters operating in Prepayment mode on iGT networks is very small, and will remain so until Project Nexus Implementation; the costs of introducing obligations around reporting on them is likely to exceed any cumulative benefit realised by the industry.

5. Impacts and Costs

None identified.

6. Likely Impact on Consumers

None identified.

7. Likely Impact on Environment

None identified.

8. Implementation

The Development Group established that the desirable implementation date will align with the start of the 2014/15 Gas Year (1st October 2014).

iGTs and shippers confirmed that this modification would not require any internal system changes.

Members discussed the implications of iGT054/054A/054AA being implemented prior to Xoserve completing the necessary systems development. iGTs members indicated that they would rather have a fixed date at which to commence providing the report, rather than a moving date, based on Xoserve's system implementation date.

9. Legal Text

iGT054/iGT054A LEGAL TEXT

INSERT NEW PARAGRAPH

D6.4 The Pipeline User may provide a SMP Report with details of Smart Meters operating in prepayment mode installed on Small Supply Points as of the 15th Day of that month to the Pipeline Operator on a date that is between the 16th and the 21st (inclusive) Day of that month.

INSERT NEW PARAGRAPH

D6.5 The Pipeline Operator shall provide a PPM Report with details of Prepayment Meters and Smart Meters operating in prepayment mode installed on Small Supply Points as of the 15th Day of that month to the Large Transporters on a date that is between the 22nd and the 28th (inclusive) Day of that month.

INSERT NEW PARAGRAPH

D6.6 For the purposes of the Code:

"SMP Report" means the Supply Meter Point data as detailed in the iGT UNC Ancillary Document "Prepayment Meter Report".

"PPM Report" means the Supply Meter Point data as detailed in the iGT UNC Ancillary Document "Prepayment Meter Report".

INSERT NEW ANCILLARY DOCUMENT

APPENDIX K-2

Prepayment Meter Report

INSERT NEW DEFINITION – PART M

"SMP Report" shall have the meaning in part D6.6

INSERT NEW DEFINITION – PART M

"PPM Report" shall have the meaning in part D6.6

[Ancillary Document iGT054](#)

[Ancillary Document iGT054A](#)

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iGT054AA LEGAL TEXT

INSERT NEW PARAGRAPH

D6.4 The Pipeline Operator shall provide a PPM Report with details of Prepayment Meters installed on Small Supply Points as of the 15th Day of that month to the Large Transporters on a date that is between the 22nd and the 28th Day (inclusive) of that month.

INSERT NEW PARAGRAPH

D6.5 For the purposes of the Code:

“PPM Report” means the Supply Meter Point data as detailed in the iGT UNC Ancillary Document “Prepayment Meter Report”.

INSERT NEW ANCILLARY DOCUMENT

APPENDIX K-2

Prepayment Meter Report

INSERT NEW DEFINITION – PART M

“PPM Report” shall have the meaning in part D6.5

[“Prepayment Meter Report Ancillary Document” to be considered as part of the legal text for this modification].

[Ancillary Document iGT054AA](#)

10. Consultation Responses

Representations were received from the following parties:

Company / Organisation Name	iGT054	iGT054A	iGT054AA
Npower	Does not support	Supports	Does not support
GTC	Does not support	Does not support	Qualified support
Winchester Gas	Supports	Supports	Does not support
SSE Pipelines	Does not support	Does not support	Does not support
Scottish Power	Does not support	Does not support	Does not support
British Gas	Does not support	Does not support	Does not support
ES Pipelines	Does not support	Does not support	Does not support
E.ON	Does not support	Qualified support	Does not support

Note 1: Whilst not supporting any of the proposed Modifications, ES Pipelines, SSE Pipelines and British Gas would prefer to see iGT054AA implemented over iGT054 or iGT054A.

Note 2: Whilst not supporting any of the proposed Modifications, Scottish Power would prefer to see iGT054A implemented over iGT054 or iGT054AA.

Note 3: GTC provides qualified support to iGT054AA providing UNC0486 is approved and reporting of data between iGTs and Xoserve does not necessitate extensive system development and therefore cost.

Summary of Comments

Most respondents believed that the Modifications do not facilitate any Relevant Objective, and that the benefits do not outweigh the costs on any of the three proposals.

Some respondents believe that Objective D is the appropriate objective, as accurate cost allocation is vital for a competitive market to exist.

One respondent claimed the exclusion of smart meters in prepayment mode in iGT054AA is “unfair” as it excludes a certain sector of the market.

One respondent noted that (for iGT054/iGT054A) there will be no way for an iGT or Ofgem to validate whether or not a smart meter was actually operating in prepayment mode at a given point in time and so the process is open to ‘gaming’.

One respondent claimed that the implementation of iGT054A would improve allocation of energy which would provide a more accurate profile of the amount of gas being consumed by customers on pre-payment mode.

One respondent considered that implementing any of the Modifications will result in a cross subsidy being introduced between customers within the SSP market sector, introducing additional uncertainty to SSP shippers and further reducing the integrity of the gas settlements process.

One respondent believed that, since a pre-pay profile is to be applied to the Large Transporter networks, this modification should be implemented so that the pre-pay meters on the iGT networks can be reconciled to a more accurate profile.

In expressing a preference for iGT054A over iGT54, two respondents believed that it was important to mandate reporting to the Authority.

11. Panel Discussions

This section should contain a summary of the discussions held at the Panel meeting at which the FMR was raised.

Insert text here.

12. Recommendation

Having considered the Modification Report for iGT054/A/AA, the Panel recommends / determines:

- that proposed Modification iGT054/A/AA should be made; or
- that proposed Modification iGT054/A/AA should not be made; and
- that, of the three alternative modification proposals, Modification iGT054/A/AA better facilitates the achievement of the Relevant Objectives,

The Panel further determines that, if directed by the Authority, the proposed Modification iGT054/A/AA should be implemented in either:

- a special release on the 1st October 2014 (the Proposer's preferred date); or
- the first release after a period of [x] months following the date of the Authority's decision