

iGT UNC / iGT INC Modification Proposal

Date	5 th July 2013
Urgency	Urgent
Reference	iGT054
Status	For Development
Title	Alternative Profile For Pre-Payment Meters
Proposer	Huw Comerford Utilita Energy Limited
iGT UNC / Pipeline Operator <i>Confirm whether the Modification Proposal is to the iGT UNC or an iGT's Individual Network Code.</i>	iGT UNC
Modification Proposal Dates	<i>Circulation: dd/mm/yyyy Response: dd/mm/yyyy Circulation of DMR: dd/mm/yyyy Response to DMR: dd/mm/yyyy DFMR published: dd/mm/yyyy DFMR considered at Panel: dd/mm/yyyy FMR sent to authority: dd/mm/yyyy Circulate Authority's determination: dd/mm/yyyy Suggested Implementation date: dd/mm/yyyy</i>

Urgency

We have requested that this modification be given urgent status, as over this winter period we have seen our over allocation increase by over 10%, a figure which is not sustainable for any shipper, especially a small shipper. This is due to the issue described below.

Background

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 results in an over stated gas allocation 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.

The Proposal

We currently have a modification in process for the large transporters MOD451 and this proposes that Xoserve develop, before the start of the 2013/14 gas year, an estimated profile for pre-payment meters using the pre-payment usage data we have provided to them, along with any supporting data from other shippers who submit it. Each month Xoserve would then calculate usage based on this new profile along with applying weather correction values. These sites would then be reconciled after month end based on the average SAP price for that month. All supply points with either a pre-payment meter or Smart meter, in pre-pay mode, would be billed to this new profile. This is intended to be a short term solution to rectify this allocation issue until the UK Link Replacement comes into effect. This modification is intended to extend the solution described above across to cover the small transporters as well as the large transporters.

How will the proposal operate?

It is proposed any pre-payment meter or Smart meter, in pre-pay mode, be reconciled on a profile [for each LDZ, or group of LDZs dependent on Xoserve's judgement of the most appropriate

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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 shall produce the pre-payment profile ahead of the gas year 2013/14 using the best data available to them at the time the profile is produced.

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 be 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 portfolio's as having a pre-payment or smart meter on the 15th of the month (or nearest practical working day) to identify the potentially eligible meter points

1.5 - To identify the smart meters in pre-pay mode, each shipper will provide monthly, no earlier than the 16th of the month and no later than the 28th of the month, a list of meter points where a smart meter is installed that is operating in pre-pay mode. This list will contain the MPR and MSN and the meter listed must be held on the SPR.

1.6 - Any smart meter not in pre-pay mode, or in pre-pay mode that is not provided in the report in 1.5, will remain subject to the EUC1 profile.

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 Supply Point Register. The status of the smart meter will be determined by the monthly shipper report in 1.5.

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.

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

3. Energy and Transportation Reconciliation

3.1 - The supply meter point remains in the SSP regime for all purposes except it will be subject to the new pre-payment profile rather than the EUC1 profile.

3.2 - Energy allocation on the day is unchanged - the supply meter point retains the same EUC and ALP. WAR bands do not apply.

3.3 - The supply points will be billed after month end on an unchanged basis.

3.4 - Each month, for eligible supply points identified by the IGT's in accordance with paragraph 1, a subsequent credit or debit will be calculated as the difference between the energy allocated (as in 3.2) and the energy that Xoserve calculate would have been allocated based on the derived pre-payment profile, with appropriate adjustments made for weather.

4. Reconciliation by Difference

4.1 - The volumes and values under 3.4 are assigned to the annual reconciliation pot (E7.2.1 (b)) and therefore fall within RbD. The supply points within the ambit of RbD remain unchanged - i.e. sites eligible under paragraph 1 remain in RbD.

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5. AQ Review

5.1 - If due to an AQ appeal a meter point moves becomes an LSP and the re-confirmation is after the 15th of the month it will continue to be reconciled based on the alternative pre-payment profile until month end, after which point it will be reconciled as an LSP.

6. Change of Shipper

6.1 - If a change of shipper occurs after the 15th of the month the losing shipper will continue to receive the invoice calculated in accordance with 3.4 until the month end based on the alternative pre-payment profile, after which the gaining shipper will then be reconciled going subject to the 3.4 mechanism going forward.

7. Charging

7.1- The User Pays approach applies for development and ongoing costs, with Shipper invoices based on market share of all SSPs on [15] September 2013 for development costs and on [15th] of each month for ongoing costs.

8. Retrospection

8.1 - During [October] 2013 each IGT will run the snap shot report in 1.4 historically for the period 1st October 2012 to 30th September 2013 to identify those sites eligible for the alternative pre-payment profile as per the conditions in paragraph 2. The shippers will also run the report in 1.5 for the same period so that the smart meters in pre-payment mode can be identified. A shipper will need to provide this report by the [31st October] 2013 for the supply points to be re-billed. Xoserve will calculate the difference between the energy allocated and the energy that would have been allocated based on the derived pre-payment profile, with appropriate adjustments made for weather for the period 1st October 2012 to 30th September 2013. A subsequent credit or debit will then be issued to each shipper.

Suggested timescale for implementation

We suggest that this modification is aligned with the proposal for the large transporters with the view to a 1st October 2013 start date.

Section of the Code Concerned

Facilitation of the relevant objectives

How this proposal will, if implemented, better facilitate the “code relevant objectives”, as defined in Standard Condition 9 of the Gas Transporters Licence. For those answered Yes to, please provide a detailed explanation below the table.

<i>Relevant Objective</i>	<i>Yes/No</i>
a. the efficient and economic operation of the pipe-line system to which this licence relates	No
b. so far as is consistent with sub-paragraph (a), the coordinated, efficient and economic operation of the pipe-line system of one or more other relevant gas transporters	No
c. so far as is consistent with sub-paragraphs (a) and (b), the efficient discharge of the licensee's obligations under this licence	No
d. so far as is consistent with sub-paragraphs (a) to (c) the securing of effective competition between relevant shippers and between relevant suppliers	Yes
e. so far as is consistent with sub-paragraphs (a) to (d), the provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards are satisfied as respects	No

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the availability of gas to their domestic customers	
f. so far as is consistent with sub-paragraphs (a) to (e), the promotion of efficiency in the implementation and administration of the network code and/or the uniform network code referred to in paragraphs 2 and 5 respectively of this condition	No
g. so far as is consistent with sub-paragraphs (a) to (f), the compliance with the Regulation* and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators	No

* Regulation 2009/715/EC of the European Parliament and of the Council of 13 July 2009

Relevant Objectives to be better facilitated:

Accurate cost allocations are a fundamental underpinning of a competitive market. Implementation would allocate transportation and energy costs differently, and believe this would more accurately allocate costs by better recognising the true usage pattern of PPM s over the year. More accurately reconciled on 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.

Likely impact on environment?

None

Implementation issues including impact on systems

Proposed Legal Text

To be provided by the Pipeline Operators at the Draft Modification Report stage.

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