

Modification proposal:	iGT UNC: "Changes to the window for Submission of Valid Meter Readings" (iGT025)		
Decision:	The Authority ¹ directs that this proposal be made		
Target audience:	Independent Gas Transporters (iGTs), Parties to the iGT UNC and other interested parties		
Date of publication:	26 February 2010	Implementation Date:	To be confirmed

Background to the modification proposal

Modification proposal iGT025 was raised by ScottishPower Energy Management Ltd on 19 August 2009.

The modification proposer considers that the processing and validation of Meter Readings, whereby a number of parties and agencies are involved, can be a complex process. This can mean that many readings are not available for submission within the current 15 Business Day window as outlined within Section E. Paragraph 3.1 on the iGT UNC.

A previous iGT UNC Modification (iGT012) was raised to amend the iGT UNC to allow the Pipeline User to increase the timescale for submission of Meter Readings to the Pipeline Operator to up to 15 Business Days after the Meter Read Date. At that time the submission timescale was up to 10 Business Days after the Meter Read Date. iGT012 was subsequently approved by the Authority and implemented on 7 November 2008. The proposer of iGT025 set out its view that iGT012 has allowed a higher proportion of valid Meter Reads to be submitted and accepted by the Pipeline Operators. It also considered that this would be improved if the timelines were to be extended further.

In May 2009 a UNC Modification (UNC0242) was raised to amend the UNC to allow a shipper to submit Meter Readings to the Gas Distribution Network up to 25 Business Days after the Meter Read Date. This Modification was subsequently approved by the Authority and implemented on 6 July 2009.

The modification proposal

Paragraph 3.1 of Section E of the iGT UNC provides for the manner and timing of the submission of Meter Readings to the Pipeline Operator. It requires that Meter Reads are submitted up to 15 Business Days after that Meter Read Date.

iGT025 proposes that Section E Paragraph 3.1 is amended to allow Pipeline Users to submit Meter Readings up to 25 Business Days after the Meter Read Date.

Panel decision

The Panel agreed by majority to recommend the modification proposal for implementation.

Four Panel Members expressed support for the Modification while two Panel Members voted against the Modification. Those in favour agreed that the modification proposal would support relevant objectives (a), (b) and (c) by providing more accurate readings into the system.

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

Those against did not believe that the modification proposal would support relevant objectives (a), (b) and (c) as it failed to address why suppliers were not able to provide Meter Reads within the existing prescribed timescales.

The Panel recommended an implementation date of the first scheduled release of the iGT UNC, not less than two months from the date of the Authority decision.

The Authority's decision

The Authority has considered the issues raised by the modification proposal and the Final Modification Report (FMR) dated 27 January 2010. The Authority has concluded that:

1. implementation of the modification proposal would further the relevant objectives as defined in Standard Condition 9 of the Gas Transporters Licence²; and
2. directing that the modification be made is consistent with the Authority's principal objective and statutory duties.

Reasons for Authority decision

We consider that iGT025 impacts most significantly upon relevant objective (d) and we are neutral in respect of the remaining relevant objectives. We set out the reasons why we believe iGT025 would better facilitate relevant objective (d) below.

We consider that the modification proposal will better meet relevant objective (d), by helping to secure effective competition between relevant shippers and suppliers. Allowing Pipeline Users to submit Meter Readings up to 25 Business Days after the Meter Read Date, is consistent with the arrangements that exist under the UNC following the implementation of UNC0242. The modification proposal should therefore allow suppliers and shippers to have in place more consistent systems for the submission of Meter Reads under the iGT UNC and the UNC. The improvement in efficiency should promote competition between suppliers on iGT networks.

We note the concerns raised by some of the respondents that the modification proposal does not address whether Pipeline Users are able to meet the existing prescribed timescales. However, for the reasons set out above, we believe that the efficiency gains outweigh these concerns in this instance. We further note that the modification proposal does not impact on Pipeline Users who wish to submit Meter Reads within the current timeframes.

We are concerned that information was not provided in the FMR to allow us to understand the detail behind why the Panel considered that relevant objectives (a), (b) and (c) were relevant and why they were, or were not, better achieved. Ofgem considers that the impact on these relevant objectives is neutral.

Decision notice

The Authority directs that modification proposal iGT025: "Changes to the window for Submission of Valid Meter Readings" be made.

Ian Marlee

Partner, Trading Arrangements

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

² http://epr.ofgem.gov.uk/document_fetch.php?documentid=13355