

iGT UNC / iGT INC Modification Proposal

Date	12 th March 2014
Urgency	Non-Urgent
Reference	iGT054AA
Status	For Consultation
Title	Alternative Profile For Pre-Payment Meters
Proposer	Adam Pearce, ES Pipelines
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</i> <i>Response: dd/mm/yyyy</i> <i>Circulation of DMR: dd/mm/yyyy</i> <i>Response to DMR: dd/mm/yyyy</i> <i>DFMR published: dd/mm/yyyy</i> <i>DFMR considered at Panel: dd/mm/yyyy</i> <i>FMR sent to authority: dd/mm/yyyy</i> <i>Circulate Authority's determination: dd/mm/yyyy</i> <i>Suggested Implementation date: dd/mm/yyyy</i>

Urgency

This modification is not urgent.

Background

During the development modification iGT054, business rules were being developed in order to account for Smart Meters operating in prepayment mode (SMPPMs) on iGT networks. The Development Group concluded that there are fewer than 400 SMPPMs on iGT networks.

This alternate, iGT054AA, will not introduce any obligations around these 400 SMPPMs; it focuses solely on the solution for the 30,000+ Prepayment meters on iGT networks. We believe the impact of removing the SMPPM elements from Utilita's iGT054 will be immaterial and will mean that iGTs will avoid having to carry out a number of onerous tasks, including:

- tracking incoming SMP Reports,
- validating them,
- sending shippers response files,
- determining which SMPPMs from previous reports need to be included in the PPM Report to Xoserve, and;
- alerting Ofgem where we think a shipper may be 'gaming' the number of SMPPMs submitted in order to take advantage of fluctuating SAP prices.

Under the current regime all SSPs are subject to RbD, and their allocation is determined by the EUC1 banding. However, the industry now has higher visibility of their usage, there is evidence to suggest that 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

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of the market. This can have financial implications which could affect shipper's allocation costs, especially smaller shippers.

This modification should be considered alongside any analysis submitted by shippers, either as part of the modification's development or consultation.

The Proposal

Modification UNC451AV was approved by Ofgem in February 2014. UNC451AV proposed that Xoserve develop an estimated profile for pre-payment meters using the pre-payment usage data that shippers were invited to provide. Each month Xoserve would 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.

This modification is proposing that iGTs provide the Large Transporters with a monthly report of all Prepayment Meters on their networks. This modification will need to be considered alongside the associated UNC modification UNC486 that is seeking to place an obligation on the Large Transporters to apply the same profile developed under UNC451AV in reconciliation and billing calculations for the supply points submitted in the iGT reports (at LMN level).

All iGT supply points with a pre-payment meter would be reconciled 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.

How will the proposal operate?

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

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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:

- i. The Prepayment meter is exchanged and a dumb credit meter is installed.
- ii. 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 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.

Suggested timescale for implementation

To align with the implementation of the UNC modification UNC486 seeking to place an obligation on the Large Transporters to take the iGT data provided through the iGT Reports into account. It is envisaged that target implementation for the associated UNC modification will be 1st October.

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Section of the Code Concerned

Section D Metering (clause 6)
 Section K Ancillary Documents
 Section M Definitions

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 the availability of gas to their domestic customers	No
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	YES
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:

Objective D

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 accurate reconciliation of this sector of the market is especially important for any smaller supplier that 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.

Objective F

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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.

Likely impact on environment?

None

Implementation issues including impact on systems

None.

Proposed 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].

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