iGT | UNC

Stage 01: Modification Proposal

At what stage is this document in the process?

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

iGT039

Use of a Single Gas Transporter Agency for the common services and systems and processes required by the IGT UNC

All iGTs will be required to use the GDNs' agent for the delivery of the common processes as detailed in the iGT UNC and the large transporters Agency Services Agreement.

The Proposer recommends that this modification should be (delete as appropriate):

- proceed to consultation

High Impact:
Insert name(s) of impact: IGTs and Shippers

Medium Impact:
Insert name(s) of impact

Low Impact:
Insert name(s) of impact

Contents

About this document:

This modification was initially presented by the proposer to the panel on 17 August 2011 and has been updated following the extensive discussions held in the iGT039 workgroup

The panel will consider the proposer's recommendation, and agree whether this modification should be subject to self-governance; and whether it should be issued for consultation or be referred to a workgroup for assessment.

Any questions?

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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?

N/A

Rationale for Change

Since the opening of the gas transporter market to competition the number of Independent Gas Transporters (iGTs) that have entered the market has now settled to a more stable number of iGTs. The innovation that was encouraged by the Authority has seen the iGTs become the dominant providers of gas transportation networks for new connections.

During the nascence of these smaller independent organisations, iGTs were not required to build and operate the same systems as the larger mature gas transporters and because of this the organisations have developed different approaches to many of the processes that underpin the competitive gas market.

In 2005 the Gas Forum raised concerns in a paper to Ofgem "iGT issues and Governance" about the fragmented approach to IT systems and processes operated by the iGTs. A number of recommendations were included in that paper which have been addressed by the introduction of a Uniform Network Code for IGTs including issues around service standards, meter reading management and the AQ Review. However the introduction of a common service provider for iGT processes, particularly around the Supply Point Administration, has not been achieved despite a number of different initiatives led both by Shippers and the iGTs at different times over the past six years.

With the advent of the large transporters' project Nexus, the industry recognised the opportunity to integrate some of the main areas of contention around Supply Point Administration onto a common platform. Shippers requested that this re-platforming of the large transporters agent system be scoped to include the iGTs as well as the GDNs.

Shippers have been struggling for many years with the manual workarounds that they need to put in place for the management of iGT sites. This has led to higher costs being incurred by the shipper for their iGT customers. Relative Price Control sought to introduce a relationship between the GDN cost basis and that of the iGTs, however a major differentiation between the GDNs and the iGTs is the requirement to use a Single Agency by the GDN.

E.ON believes that the iGT market is now sufficiently mature and has steadied in terms of the number of market participants. Significant benefits could now be achieved by requiring the iGTs to use the same single agency that the large transporters are required to establish for the delivery of supply point administration services.

Solution

The Pipeline Operators shall enter into an agency services agreement ("AS agreement") with the Large Gas transporters providing for the common provision of services and systems, including the common provision by the “agency” of such services and systems, the scope of which are set out within the uniform network code.

Relevant Objectives

The proposer believes that the change will need to be introduced by a licence change and as such the proposal will facilitate delivery of the iGTs’ future licence condition. Equally improvements in communications between Pipeline Operators and Pipelines Users as well as GDNs will deliver improved processes, increased transparency and improved administration with single processes and files for multiple parties to use. This should result in cost reductions for Pipeline Operators who are managing multiple interfaces for the same processes across multiple Pipeline Users.

Implementation

The modification should be implemented at the Project Nexus Go Live date to coincide with changes being applied to the UNC under Nexus Mods 432, 434 and Mods 440.

2. Rationale for Change

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4. Relevant Objectives

Impact of the modification on the Relevant Objectives:	
Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	Positive
b) Coordinated, efficient and economic operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters.	Positive
c) Efficient discharge of the licensee's obligations.	Positive
d) Securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers.	Positive
e) 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.	None
f) Promotion of efficiency in the implementation and administration of the Code.	Positive
g) 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.	None

The Proposer considers that this Modification would facilitate:

Objective A & B

By having a new iGT Arrangements Document to replace the CSEP NExA it will facilitate improvements in the contractual relationship between the iGTs and the GDNs in relation to each CSEP. This will provide new/improved information exchanges between parties to help improve the management of the CSEPs.

Objective C

The change is likely to require a change to the iGT licence conditions to require existing and future iGTs to enter into a common arrangement for common processes under the iGT UNC.

Objective D

Pipeline Users will be able to remove many of the manual processes managing iGT supply points which will strip out surplus costs for manual workarounds. The common UK Link files will enable iGT customers to follow the same customer journey as their non iGT neighbours.

Objective F

As the iGT UNC will largely point to the UNC, this will make the change process for the iGT UNC in common areas much simpler as it will no longer require separate modifications to both codes which may run on different timelines.

5. Impacts and Costs

An assessment of costs and benefits has been conducted and reviewed during the workgroup process.

6. Likely Impact on Consumers

E.ON believes that this change will bring improved servicing for the customer, as there will be greater transparency of their data within central systems, which will lead to a reduction in the number of duplicate meter point reference numbers and their inevitable consequences; query management processes will consistent with that of the GDNs and should help reduce query management timescales and the customer will have a single point of contact to identify their transporter.

7. Likely Impact on Environment

None are anticipated.

8. Implementation

Implementation of the proposal should coincide with Project Nexus implementation dates under UNC Modifications 432, 434 and 440.

9. Legal Text

The iGT UNC will require a comprehensive review of all sections in conjunction with changes that are being made to the UNC to incorporate Nexus requirements including support for single service provision. This has been developed though the workgroup process.

10. Recommendation

The Proposer invites the Panel to:

- Determine that this modification should not be subject to self-governance;
- Determine that this modification should progress to Consultation.