

Modification proposals:	Independent Gas Transporter (iGT) Uniform Network Code (UNC): 'Inspection Notification and Cyclical Read File Format and Response File – Clarification of File Naming Convention - Sequential' (iGT UNC 024VV) and 'Inspection Notification and Cyclical Read File Format and Response File – Clarification of File Naming Convention - Consecutive' (iGT UNC 024VAV)		
Decision:	The Authority ¹ directs that the original proposal, as varied, be made		
Target audience:	Gemserv, Parties to the iGT UNC and other interested parties		
Date of publication:	03 July 2009	Implementation Date:	To be confirmed by the Representative of the iGT UNC

Background to the modification proposal

On 1 July 2008, the Authority approved modification proposals iGT UNC 013VV, iGT UNC 014, iGT UNC 015VV and iGT UNC 016. These proposals mandate the use of unbundled meter reading file formats by Shippers when they submit meter inspection notification and cyclical meter reading files to iGTs for validation and either acceptance or rejection within the prescribed timescales. These proposals are currently scheduled to be implemented as part of the November 2009 iGT UNC document release.

Since the approval of these proposals, a number of inconsistencies have been identified in the file naming conventions which appear in the file formats, specifically those which are to be implemented by iGT UNC 013VV and iGT UNC 015VV. For instance, it is unclear whether the numbering used in the file naming conventions to identify files which are submitted by Shippers ought to be in sequential order (where the next number must simply be higher than a previous one) or in consecutive order (1,2,3,...). The industry discussed the merits of both numbering conventions but did not reach a consensus on which is preferable.

When Shippers submit files to the iGTs, the iGTs will initially perform validation on the file number. The difference between using the sequential order and the consecutive order for validation of file number is that:

- for sequential numbering, files with higher numbers than previous files could continue to be validated even where there is a gap in the numbering sequence, e.g. in a sequence of files numbered 1,2,5,7..., files 5 and 7 could still be validated while the Shipper investigates why files 3, 4 and 6 are missing;
- for consecutive numbering, files with higher numbers would fail validation if there is any gap in the numbering sequence, e.g. in a sequence of files numbered 1,2,5..., file 5 would fail validation and need to be re-submitted by the Shipper only after it 'finds' missing files 3 and 4 and submits them for validation.

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.

The modification proposal

Scottish Power Energy Management Limited raised iGT UNC 024 (the Proposal) in March 2009 to mandate that the numbering used in the file naming convention is always sequential. The Proposal was then varied to clarify that the intention is to provide certainty within the file naming convention to be used once iGT UNC 013VV and iGT UNC 015VV are implemented, and became iGT UNC 024VV.

E.ON UK raised an alternative modification proposal, iGT UNC 024A (the Alternative Proposal), also in March 2009, to mandate that the numbering used in the file naming convention is always consecutive. The Alternative Proposal was also varied to clarify that the intention is to provide certainty about the file naming convention to be used once iGT UNC 013VV and iGT UNC 015VV are implemented, and became iGT UNC 024VAV.

iGT UNC Panel² recommendation

At its meeting of 20 May 2009 the iGT UNC Panel considered that both the Proposal and the Alternative would better facilitate the relevant objectives and therefore recommended that both be implemented. However, recognising that these are mutually exclusive options, the panel also expressed a preference by a majority of 3:2, with one Panel member expressing no preference, to recommend the implementation of the Proposal. Those Panel members who recommended the Proposal did so on the grounds that it better promotes efficiency in the implementation and administration of the iGT UNC. The Panel recommended implementation of the Proposal in the iGT UNC November 2009 release.

The Authority's decision

The Authority has considered the issues raised by the Proposal and the Alternative Proposal and in the Final Modification Reports dated 28 May 2009. The Authority has concluded that:

1. implementation of the Proposal would further the relevant objectives as defined in Standard Condition 9 of the Gas Transporters Licence³; and
2. directing that the Proposal be made is consistent with the Authority's principal objective and statutory duties.

Reasons for the Authority's decision

We agree with the Panel that adopting either approach as a standard would better facilitate the relevant objectives of the iGT UNC, though on balance consider that the original proposal will better meet relevant objective f) of the iGT UNC; '*promoting efficiency in the implementation and administration of the iGT UNC*' when compared to either the existing provisions or the Alternative Proposal.

² The iGT UNC Panel is established and constituted from time to time pursuant to and in accordance with the iGT UNC Modification Rules.

³ As set out in Standard Condition 9 of the Gas Transporters Licence, see: http://epr.ofgem.gov.uk/document_fetch.php?documentid=13355

We note the concerns that the implementation of the unbundled file formats introduced by modification proposals iGT UNC 013VV – 016, without clarity on how they should be identified may cause widespread rejection of otherwise valid files, creating additional costs and, reduction in overall efficiency. It therefore seems sensible for a common numbering convention to be adopted by all relevant parties.

A key aspect of both the Proposal and Alternative Proposal is that they **mandate** a solution and therefore market participants would need to accommodate the relevant mandated approach. As the file number provides an identifier and reference point for submitted files, the use of mandated file numbering in itself may be helpful as it would clearly highlight which files are missing or rejected.

Whilst we recognise the concerns of some respondents that mandating this convention reduces flexibility, we consider that if it were to remain optional, parties would still have discretion to adopt differing approaches and the benefits of the Proposal would be negated.

Although we have no strong view on whether a sequential or consecutive approach is technically best suited to these meter reading files, we note and agree with those responses which suggest that sequential numbering offers greater flexibility than consecutive numbering. We consider that mandating consecutive numbering may risk the widespread rejection of otherwise valid files, creating a backlog of files to be investigated and resubmitted in order to strive for complete accuracy in their numerical order. This would seem counter productive and disproportionate to the aim of minimising the number of missing files.

We also note that sequential numbering would impose no additional burden upon those who are already operating to a consecutive convention, as those consecutive numbers are also by definition, in sequence. However, if the Alternative Proposal were implemented, any shipper not currently using consecutive numbering would be required build bespoke systems to accommodate files submitted to those iGTs who intend to validate by those means. We believe this would include the majority of shippers, as they generally integrate their file processing systems with those of the large Gas Transporters, who we understand already operate sequential numbering for file validation. We therefore consider that sequential numbering would be the less costly solution to implement.

We note that one respondent suggested that the Proposal could better facilitate objective b): *the coordinated, efficient and economic operation of the pipe-line system*, by allowing more valid files to be processed and therefore more accurate data to be available for data reconciliation purposes. Whilst we agree that a reduction in the number of rejected files may lead to improved data accuracy, we consider that any improvements in reconciliations would more pertinently fall under objective d), as they would lead to the more accurate allocation of costs, to the benefit of effective competition.

Decision notice

In accordance with Standard Condition 9 of the Gas Transporters Licence, the Authority, hereby directs that iGT UNC modification proposal 024VV: *'Inspection Notification and Cyclical Read File Format and Response File – Clarification of File Naming Convention - Sequential'* be made.

Mark Feather,
Director of Industry Codes and Licensing, Corporate Affairs
Signed on behalf of the Authority and authorised for that purpose.