

iGT UNC / iGT INC Draft Final Modification Report

Date	07/03/2012
Reference	iGT041
Title	EU Third Package 3 week switching
Proposer	Danielle Fynney - E.ON
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: N/A Response: N/A Circulation of DMR: 17/02/2012 Response to DMR: 02/03/2012 DFMR published: 07/03/2012 DFMR considered at Panel: 21/03/2012 FMR sent to authority: dd/mm/yyyy Circulate Authority's determination: dd/mm/yyyy Suggested Implementation date: dd/mm/yyyy</i>
Background	<p>Article 3(5a) of the Electricity Directive and Article 3(6a) of the Gas Directive requires Member States to ensure that where a customer, while respecting contractual conditions, wishes to change supplier, the change is effected within three weeks. The detailed measures are described in the DECC Impact Assessment No.DECC0003 dated 14/01/2011.</p> <p>Government has transposed the requirements into Draft Statutory Instrument The Electricity and Gas (Internal Markets) Regulations 2011 which are now laid before Parliament.</p> <p>Part 3 of these regulations will amend the standard conditions of a gas supply licence, specifically by adding Standard Condition 14A Customer Transfer; 'Obligation to complete a Supply Transfer within three weeks.' In order to comply, a supplier will need to make arrangements with their shipper to transfer ownership of the relevant supply point within the prescribed timescales.</p>
The Proposal	<p>The Proposal seeks to make a change to the current Supply Point Confirmation and Objection process and to keep it in line with UNC Mod 396.</p>
How will the proposal operate?	<p>Pipeline Operator and Pipeline User systems/processes need to be changed in order to achieve 3 week switching at any time in the year.</p> <p>This could be achieved by :</p>

iGT UNC / iGT INC Draft Final Modification Report

- Reducing the Objection Window from 7 business days in duration to 3 business days.
- Reducing the Confirmation timescale from 7 business days to 5 business days.

Suggested timescale for implementation

To align with the implementation of UNC Mod 396

Section of the Code Concerned

C1, Section 13 - Confirmation
C1, Section 15.1(b) - Objection

Responses to Modification Proposal

The Modification Proposal Consultation stage was not applied as agreed by the February Modification Panel. The Modification together with Modification iGT042 (which is an alternative proposal to achieve the 21 day transfer) was earlier discussed in the iGT041DG development group which met twice in November and December 2011. The group report to Panel can be found [here](#).

Responses to the Draft Modification Report

11 responses were received to the DMR Consultation stage and can be viewed [here](#).

Respondee	Response to iGT041 DMR	Respondee	Response to iGT041 DMR
British Gas	Do Not Support	IPL/QPL	Support
EDF Energy	Support	Npower	Support
E.ON Energy	Support	Scottish Power Energy Management Limited	Qualified Support
ESP	Do Not Support	SSE	Do Not Support
GTC	Support	SSE Pipelines	Support
Fulcrum	Qualified Support		

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.

Relevant Objective	Relevant	Not Relevant
a. the efficient and economic operation of the pipe-line system to which this licence relates	1	10
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	1	10
c. so far as is consistent with sub-paragraphs (a) and (b), the efficient	3	8

iGT UNC / iGT INC Draft Final Modification Report

discharge of the licensee's obligations under this licence		
d. so far as is consistent with sub-paragraphs (a) to (c) the securing of effective competition between relevant shippers and between relevant suppliers	7	4
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		11
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		1
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	10	1

Proposers View - Supports Objectives G and D

Should supplier Standard Licence Condition 14a be amended in accordance with the Draft Statutory Instrument, then the supplier will require their shipper to complete the transfer of supply point ownership within 21 days. Changing Pipeline Operator systems and processes will facilitate this by providing a transfer timeline consistent with the proposed amended supplier Standard License Condition 14a.

The Proposer also noted that iGT041 provided a fixed consistent solution to meet the new licence requirement as opposed to iGT042. The proposal also meant that systems would not require amendments each year to account for changes in dates of bank holidays and non-working days.

iGT UNC Party Response Summary

Full responses from iGT UNC parties can be found at the link above, although a summary of responses is outlined below:

- Several parties identified that it was essential that a decision regarding iGT041/iGT042 is aligned with the UNC Modifications 0396/0403. This would help minimise the required change and also reduce potential system costs.
- A variety of recommendations were given regarding implementation timescales, ranging from a minimum of 6 months (standard) to a minimum of either 9 or 12 months given the significant and complex system changes required.

Those in Favour:

- Those parties in support of the Modification indicated iGT041 was a less complex and easier solution to develop, which would reduce implementation costs. iGT041

iGT UNC / iGT INC Draft Final Modification Report

was also seen as a more robust and efficient (less risk) solution to meet the EU 3rd Package 21 day switching timescales requirement.

- Four parties who supported the Modification did acknowledge the risk that the Modification could have a detrimental impact on erroneous transfers and hence a detrimental impact on customer service. One party also noted that this may result in the need for increased system automation which would further add to costs
- One supplier also noted that iGT041 would also create a more aligned process to the electricity market which could improve the customer experience.

Those Against:

- Greater cost of implementing compared to iGT042.
- The Modification does not ensure licence condition compliance in 100% of cases.
- It was expected that the Modification would lead to insufficient time to allow customers to submit actual reads, leading to increases in the volume of transfer reads being estimated. This would lead to a detrimental impact on customer service.
- The Modification impacts the switching timescale throughout the year, rather than just the timescales around bank holidays and non-work days.
- iGT041 does not exist in isolation of the changes being made within the large transporters agent - expect that decisions made for the associated UNC modification will have a bearing on the changes made to iGT UNC.

Likely impact on environment?

None

Implementation issues including impact on systems

System impacts for Pipeline Users and Pipeline Operators. To align Pipeline User systems and process changes, this Mod should be implemented at the same time as UNC Mod 396.

Proposed Legal Text

The following amendments are proposed to **Section CI of the iGT UNC:**

- **Amend Paragraph 12.7**

12.7 The Proposed Supply Point Registration Date shall be:

- (a) not more than 30 Business Days after the Supply Point Confirmation is submitted; and
- (b) not less than ~~459~~ Business Days after the Supply Point Confirmation is submitted unless:
 - (i) at the time the Supply Point Confirmation is submitted a

iGT UNC / iGT INC Draft Final Modification Report

Supply Point Withdrawal has been submitted by the Existing Registered User in respect of each Existing Supply Point; or
 (ii) there is no change in the identity of the Registered User in respect of the Supply Point
 in which case the Proposed Supply Point Registration Date shall not be less than **86** Business Days after the Supply Point Confirmation is submitted.

- Amend Paragraph 13.3

13.3 Where the Pipeline Operator rejects the Supply Point Confirmation the Pipeline Operator will **as soon as reasonably practicable and in any event** within 2 Business Days after the Supply Point Confirmation was communicated inform the Proposing User of the provisions of the Code pursuant to which the Supply Point Confirmation was rejected (and where such rejection was pursuant to Clause 13.2(a)), the requirement of Clause 13.1 which was not complied with).

- Amend Paragraph 15.1

15.1 Where, at the time a Pipeline User submits a Supply Point Confirmation which is not rejected by the Pipeline Operator, there is any Existing Supply Point in respect of which a Supply Point Withdrawal has not been submitted:

- (a) the Pipeline Operator will, **as soon as reasonably practicable and in any event** within 2 Business Days after the Supply Point Confirmation was submitted, notify the Existing Registered User of the submission of the Supply Point Confirmation and the Proposed Supply Point Registration Date, but not the identity of the Proposing User;
- (b) the Existing Registered User may, up to but not after the **7th3rd** Business Day after the date of notification to the Existing Registered User of the submission of the Supply Point Confirmation ("Objection Deadline"), submit to the Pipeline Operator an objection ("Supply Point Objection") in respect of such Existing Supply Point provided that the Existing Registered User shall

iGT UNC / iGT INC Draft Final Modification Report

not submit such Supply Point Objection where a Consumer at domestic premises supplied with gas at the Existing Supply Point has ceased or is to cease to own or occupy the relevant premises; and

- (c) the Proposing User may subject to Clause 15.9 (in the case of a Smaller Supply Point) up to but not after the 8th6th Business Day before the Proposed Supply Point Registration Date (~~the “Objection Deadline”~~) submit to the Pipeline Operator a cancellation (“Supply Point Confirmation Cancellation”) in respect of such Supply Point Confirmation.

- **Amend Paragraph 15.3**

15.3 Where a User (“the Objecting User”) submits a Supply Point Objection to the Pipeline Operator:

- (a) the Objecting User is required to declare its identity in the objection;
- (b) the Pipeline Operator will as soon as reasonably practicable and in any event within 2 Business Days after the Supply Point Objection was submitted notify such objection, including (where declared in the objection) the identity of the Objecting User, to the Proposing User;
- (c) where the Objecting User did not comply with the requirement in paragraph (a);
 - (i) the Pipeline Operator will not reject the Supply Point Objection (which will accordingly be effective for the purposes of Clause 15.6);
 - (ii) the Pipeline Operator will, if requested by the Proposing User, provide to the Proposing User the identity of the Objecting User as soon as is reasonably practicable but (as is acknowledged by each Pipeline User) does not undertake to do so before the Objection Deadline.
- (d) the Objecting User will declare in the objection the reason for its objection and if the Objecting User fails to do so, the Pipeline Operator may reject such Supply Point Objection which accordingly will not be effective for the purposes of Clause 15.6.
- (e) and that Supply Point Objection was raised at the request (whether directly or

iGT UNC / iGT INC Draft Final Modification Report

indirectly) of the Consumer in respect of the affected Existing Supply Point, the Pipeline Operator will, where the reasons for the objection have been provided to it by the Objecting User, as soon as reasonably practicable and in any event within 2 Business Days after the Supply Point Objection was submitted, notify such reasons to the Proposing User.

- **Amend Paragraph 15.5**

- 15.5 A Pipeline User may withdraw a Supply Point Objection up to but not after:
- (a) the ~~7th~~3rd Business Day after the Supply Point Objection was made; or
 - (b) if earlier, the Objection Deadline.

- **Amend Paragraph 15.6**

- 15.6 Where a Supply Point Objection is made and is not withdrawn in accordance with Clause 15.5, the Supply Point Confirmation shall lapse and be of no effect, and the Pipeline Operator will so inform the Existing Registered User as soon as reasonably practicable and in any event not later than the 5th Business Day before the Proposed Supply Point Registration Date.

- **Amend Paragraph 15.8**

- 15.8 In the case of a Supply Point Confirmation within Clause 15.1, as soon as reasonably practicable after the Objection Deadline and in any event not later than the ~~fifth~~5th Business Day before the Proposed Supply Point Registration Date:

Other Information

None.