

iGT UNC / iGT INC Consultation Response

Date	16/01/2012
Reference	iGT043 Modification Proposal Consultation
Title	Consolidation and Alignment of IGT Invoicing
Respondee	Andrew Margan, British Gas
Position on the Modification	Support Modification

Response Information and Comments

The objective of the invoicing backing data format, iGT UNC, Section G, Pipeline and Transportation Charges, Appendix G-1 RPC Invoice Template for Relative Price Control (RPC) Transportation charging of the RPC was to introduce an industry invoicing standard. The template has been in place since 2004 and we would suggest that the invoice template AppendixG-1 requires amending.

Shippers are unable to create the reassurance that the iGTs Transportation charging has been calculated correctly, because some of the primary data used to calculate the RPC Transportation rate is not present. This reassurance is important in an industry worth close to £100m. As the iGT portfolios grow Shipper's exposure to incorrect charging increases. The exposure for 1.2m supply points or £100m in cost is expected to grow in the future.

British Gas has raised many disputes relating to the iGT Transportation rates in 2011. At stages of the disputes process, some iGTs were never able to show how the incorrect charge was calculated and how the new adjusted rate was calculated. British Gas was able to show how using the RPC methodology we had calculated a different value. Our disputes process delivered thousands of pounds in successful disputes, but British Gas would like to express serious concern that many disputes are outstanding because the charging is not transparent.

Modification iGT043 seeks to improve the Transportation invoicing data to enable Shippers to have the ability to calculate the RPC charge. We believe the modification achieves this by -

- Reconfirming the backing data required
- Ensuring the additional information is required by all Shippers
- Aligning the format of the invoicing
- Aligning the format of the data

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By reconfirming the backing data required we believe this to mean that mandatory backing data fields must be populated and should be populated when conditional, unless an exception in code exists. It is not the intention of this response to highlight where iGTs are non-compliant, but to seek a change where moving forward the iGTs provide the mandatory and conditional data to enable charging reassurance.

By increasing the information presented to Shippers we believe Modification iGT034 will ensure it is easier to calculate the Transportation charges received. The additional fields are -

- SSP SOQ. (SOQ converted from original AQ provided)
- iGT CSEP billing AQ. (AQ of CSEPs used for rate calculation)
- iGT CSEP billing SOQ. (SOQ of CSEPs used for rate calculation)
- CSEP AQ post AQ Review. (Updated CSEPs AQ by Shipper's portfolio)
- Meter Type. (E.g. Prepayment, Credit, Smart)
- Customer Corrector charge. (LSP meter corrector asset charge)
- Entry Transportation Rate. (Rate before annual adjustment)

The additional fields, (above) will also align the '*Transco equivalent*' and the RPC invoice templates. Some iGTs charge sites above the 73,200kWh crossover on a separate invoice template. This leads to confusion and increased complexity.

By aligning the format of the invoicing we believe this means that Small Supply Points (SSP) and Large Supply Points (LSP) will be invoiced via the RPC invoice backing data template. We would expect that the property type code of the LSP site would be set to 'COM', which is the code for non-domestic sites.

By aligning the format of the data we believe the modification addresses the issue of differing data formats being used for invoicing by the iGTs. An obvious interpretation is the date format. Many formats are used by the iGTs, but no iGTs comply with iGT UNC the code.

The value at stake for Shippers of not implementing Modification iGT043 is £100m which is not an insignificant amount and the value is expected to grow. British Gas believes it is inappropriate for iGTs not to demonstrate clear and transparent charging.

Could a situation in the restaurant industry be acceptable that when customers receive a bill no transparency of the cost was possible? Customers in a restaurant would not pay without understanding their bill first. Applying this example to a shipper environment when the validation process is audited we can not prove how

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the iGT Transportation rate was created and therefore our validation processes can not be signed off.

Through the disputes process British Gas identified that RPC rates are being applied incorrectly to the Transportation invoice. Disputes are outstanding and can not be reconciled as the billing information used by the iGTs is not available. British Gas is concerned that iGTs may not support this modification in an attempt to conceal incorrect charging.

If this modification is not approved

- Costs can not be passed through accurately to customers
- Opaque Transportation charging continues for Shippers
- Shippers and customers are exposed to incorrect charging
- The exposure to the risk of incorrect charging continues past an already unacceptable level
- iGT rate disputes will continue to be unresolved

It is detrimental to the industry that this modification is approved and implemented.

Implementation issues including impact on systems

Modification iGT043 will impact iGT billing systems and Shipper invoice validation systems. British Gas expects there to be cost associated with system changes, but we would like the opportunity to explain that system changes are necessary for iGTs to comply with iGT UNC code, (iGT UNC, Section G, Appendix G-1 RPC invoice template).

As changes are necessary for all iGT systems the modification also seeks to capture data that will make the charging more transparent. The additional data should already be held within the iGT system or be created through system coding.

To ensure Modification iGT043 delivers a ‘future proof’ solution British Gas took reasonable steps to consult with Shippers and iGTs before the modification was submitted. We feel this ‘umbrella’ consultation approach will mitigate the need future system changes. For example the modification has been carefully written to ensure it is fit for an Xoserve single service provider environment.

Due to system changes British Gas would expect a period of six months would be required to implement the system changes.

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Facilitation of the relevant iGT objectives

British Gas believes the iGT Gas Transportation charging is opaque to shippers and requires improvement. For example to replicate the iGT Transportation calculation that derives the daily Transportation rate critical data is not provided in the invoice backing data. The lack of transparency is caused by the following.

- Invoice backing data mandatory fields are not populated
- The data used to recalculate the charging differs from the data provided
- Invoicing data formats are inconsistent between iGTs
- Invoicing formats are inconsistent for sites above 73,200kWh

Although there is no evidence that would suggest deliberate miscalculations by the iGTs, British Gas believes that ensuring Transportation charging is accurate will motivate iGTs to manage their networks in a cost reflective and efficient manner. Inaccurate charging could lead to distortions in the costs recovered.

British Gas believes Modification iGT043 will ensure iGTs better fulfil their licence obligation, as per licence condition 4 (Charging of Gas Shippers), where the methodology for the RPC Transportation methodology is set out.

If there are any questions relating to this response of regarding Modification iGT034, please contact myself, Andrew Margan 07789 577327.

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