

## iGT UNC / iGT INC Final Modification Report

<b>Date</b>	<b>23/05/2012</b>
<b>Reference</b>	<b>iGT043VV</b>
<b>Title</b>	<b>Consolidation and Alignment of IGT Invoicing</b>
<b>Proposer</b>	<b>Andrew Margan, British Gas</b>
<b>iGT UNC / Pipeline Operator</b>	iGT UNC, Section G, Pipeline and Transportation Charges, Appendix G-1 RPC Invoice Template
<b>Modification Proposal Dates</b>	<i>Circulation: 22/03/2012</i> <i>Response: NA</i> <i>Circulation of revised DMR: 22/03/2012</i> <i>Response to DMR: 16/04/2012</i> <i>DFMR published: 01/05/2012</i> <i>DFMR considered at Panel: 16/05/2012</i> <i>FMR sent to authority: 23/05/2012</i> <i>Circulate Authority's determination: 03/07/2012</i> <i>Suggested Implementation date: 28/06/2013</i>
<b>Overview</b> <p>The iGT Gas Transportation invoicing methodology Relative Price Control (RPC) has been in place since 2004. This modification proposal seeks to align all IGT RPC and I&amp;C invoicing backing data into a single template and common format. This impacts iGT UNC Appendix G-1 RPC Invoicing. This modification will remove the Appendix G-1 from the IGT UNC and replace it as an ancillary document. RPC and I&amp;C invoices must be issued using the RPC template, but can be sent separately.</p> <p>This is a further variation to the original modification and its subsequent variation, which has been raised to correct identified errors in the RPC Backing data during the consultation process. The last variation has also incorporated further improvements suggested by industry parties in an attempt to ensure that all required changes are made at the same time rather making changes now and then making further changes later.</p> <p>This variation was discussed at the Panel on the 21st March 2012. Whilst they recognised that the changes minor they recommended that the varied modification iGT043VV be subject to a further consultation, particularly to ensure that all parties are in agreement with the latest changes that have been made to certain data items contained within the revised version of the RPC Backing data appendix enclosed with this Draft Modification Report.</p> <p>This Revised Draft Modification report contains the Transporters' summary of the previous consultations on both the revised modification iGT043V and its associated Draft Modification report. It was sent out for consultation on the 22<sup>nd</sup> March 2012 and the additional consultation period closed on the 16<sup>th</sup> April 2012.</p>	

## iGT UNC / iGT INC Final Modification Report

### Background

For sites consuming >73,200kWh, some IGTs charge on a separate “Transco equivalent charging” invoice. EON and British Gas (BG) bilaterally contacted the relevant iGTs to confirm if the I&C invoice charges could be issued in the RPC invoice template. The objective is to simplify the invoicing and drive efficiencies within the industry. ES Pipelines confirmed that they could investigate the request further, but sought clarification from all shippers to understand if this was an industry wide requirement.

The RPC and I&C backing data formats differ. To facilitate an I&C file format migration to the RPC file format additional fields in the RPC file template are required. A review of the required fields and formats was completed by British Gas who circulated a draft template to Shippers. Feedback from those Shippers was incorporated into this proposal.

Also separate to this, invoice backing data formats differ between IGTs. The impact is that validation of the data cannot be standardised across the industry leading to inefficiencies. It is therefore sensible to take the opportunity for the industry to review the formats.

This modification-

- Covers the information in both domestic and I&C invoices
- Confirms which fields would be required
- States additional fields that shippers require to validate the charges
- Designates the Appendix G-1 as an Ancillary Document
- Establishes the format of the data; and
- Simplifies the invoicing for all industry parties.

### The Proposal

This proposal seeks to consolidate and standardise the Gas Transportation invoices whilst improving the transparency of the charge items.

This modification proposal covers 3 broad areas –

- I&C invoice backing data
- RPC backing data template
- RPC backing data format

### Consolidation and Standardisation

To simplify the Gas Transportation invoicing this modification proposes that all charges are consolidated to a single RPC invoice template. For the avoidance of doubt this facilitates a single invoice per iGT Licence, but does not mandate a single invoice. iGTs are able to send separate invoices for RPC and I&C invoices providing they follow the RPC Invoice Template, as set out in this modification proposal. To ensure all invoices are standardised this modification proposes that the backing data formats are re-confirmed and necessary housekeeping is agreed.

To facilitate the modification a draft RPC Template Proposal was circulated by British Gas to Shippers for review. The proposed template, based on the current RPC template suggested additional fields that incorporate the I&C charge items and additional fields to increase the transparency of the charges.

The additional fields are –

## iGT UNC / iGT INC Final Modification Report

- 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)
- Customer Corrector charge. (LSP meter corrector asset charge)
- Entry Transportation Rate. (Rate before annual adjustment)

*The above will be mandatory except for Meter Type and Customer Corrector charge, which will be conditional.*

### Format Housekeeping

The rationale for a Unified Network Code is that all parties adhere to a common approach. This modification also proposes housekeeping activity by reconfirming the invoice format and addressing data issues.

These include –

- Date format
- Infill charge character length
- CSEP AQ population

*The above will be mandatory fields.*

The iGT UNC Appendix G-1 stipulates the date format as "DDMMYYYY". As backing data is issued in Microsoft format the proposal asserts that the iGTs issue the data in the format DD/MM/YYYY.

The iGT UNC Appendix G-1 stipulates the character length of the Infill charge to be 1. The Infill charge character length should be increased to 4 characters, as per the industry practice.

The Gas Transportation methodology states that the Single Supply Point and the CSEP details are necessary for the shippers to validate the rate used to derive the customer charge. An important part of the calculation is CSEP AQ. By the CSEPs AQ we specifically mean the CSEP AQ used to calculate the Gas Transportation rate.

Not all iGTs populate this field with a value of the CSEP billing AQ, although it is mandatory unless a Nested site. Shippers are unable to validate the charge or have reassurance the rate used to calculate the charge is correct. Shippers have no recourse but to trust the charging is correct. For efficient industry invoicing practices all the mandatory fields must be populated in the backing data, unless as per the nested sites they are exempt.

The proposed Appendix G-1 RPC Invoice Template is below. To facilitate future changes this modification will replace Appendix G-1 as an Ancillary Document. For format details please use the document attached.



Appendix RPC  
Backing data Modifica

### How will the Modification proposal operate

The new template will be implemented by industry parties post approval within a reasonable time scale.

## iGT UNC / iGT INC Final Modification Report

### Suggested timescale for implementation

This proposal will require system developments by the Pipeline Operators and Shippers/Users. Reasonable time will be required to all the system changes to be implemented and tested.

### Section of the Code Concerned

The modification affects Part G – Pipeline Transportation Charges, Invoicing, Payment and Code Credit, Appendix G-1 RPC Template

### Responses to Modification Proposal/Draft Modification Report

9 responses were received to the first variation of the Modification Proposal and 6 responses to the Draft Modification Report Consultation on the first variation. All responses can be viewed [here](#). No further responses were received to the further consultation issued to encompass the changes put forward in the second modification revision iGT043VV.

Respondee	Response to iGT043V	Response to iGT043V DMR
British Gas	Support	Support
Scottish Power	Support	-
E.ON Energy	Qualified Support	-
GTC	Support	-
Fulcrum Pipelines	Do Not Support	Do Not Support
SSE Pipelines	Qualified Support	Qualified Support
EDF Energy	Support	-
Energetics	Do Not Support	-
Npower	Support	Support
IPL/QPL	-	Do Not Support
ESP	-	Support

Across the 11 parties who responded to at least one of the consultations, 6 gave support, 2 gave qualified support and 3 did not support the proposal. Those parties not in support provided a number of reasons including that the additional information requested was derived information which could be derived by the shippers in the same way the iGTs would have to derive it. They believed that the charges were correctly calculated and subject to regulatory spot checks. Also they felt that there was no benefit to GTs only to shippers although all the costs would be placed on the iGTs who would have to make significant system changes. As such shippers should cover the iGTs for the implementation costs they would have to incur particularly as the system changes could be short lived due to other changes being proposed by the industry.

Those in favour believed changes were required to ensure full compliance with the template as currently there were inconsistencies across the iGTs as to how they interpreted and presented the information. This inconsistency created problems for shippers when they tried to understand the way in which the transportation charges had been calculated in order to reconcile these charges against their own calculations. Also the required calculations to derive all elements could not always be carried out as data was often omitted through required data not being defined as mandatory or mandatory data not being provided. Further the inability to properly check and query invoices increases the risk associated with customers on iGT networks. They further feel that the ability to be able to check invoices in a consistent manner across all iGTs is important to reducing costs and successfully managing their business. One iGT supported that by enabling shippers to fully check their invoices would reduce the numbers of invoicing queries raised.

## iGT UNC / iGT INC Final Modification Report

### 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.*

#### Summary of Responses to the Modification Proposal

Relevant Objective	Relevant	Not Relevant
a. the efficient and economic operation of the pipe-line system to which this licence relates	4 parties	7 parties
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	5 parties	6 parties
c. so far as is consistent with sub-paragraphs (a) and (b), the efficient discharge of the licensee's obligations under this licence	5 parties	6 parties
d. so far as is consistent with sub-paragraphs (a) to (c) the securing of effective competition between relevant shippers and between relevant suppliers	6 parties	5 parties
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	2 parties	9 parties
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	5 parties	6 parties
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	2 parties	9 parties

*Any additional comments:*

*See individual responses*

#### **Proposers View:**

The Proposer felt the Modification would meet Relevant Objectives a, b, c, d and f.

#### **iGT UNC Party Response Summary:**

Those parties supportive of the proposal generally agreed that the introduction of standardisation would make the automated checking of transportation invoices possible and hence the process more straightforward and efficient. This should result in a reduction in queries raised on invoices and thus would benefit both Shippers and iGTs. Alignment of invoicing information across the iGTs would also support the move towards single service provision.

Those parties not in support generally believed that the new fields required were calculated fields and could thus be carried out by either party (shipper or iGT). However as the benefits related mainly to shippers, it was not considered economic for iGTs to have to bear the costs of making significant

## iGT UNC / iGT INC Final Modification Report

systems changes to deliver the proposal. Further iGTs already provide information to the Regulator to demonstrate that RPC charges are being calculated correctly.

### **iGT UNC Modification Panel Discussion**

The iGT UNC Modification Panel voted on the Proposal on the 16<sup>th</sup> May 2012. The Panel (by majority of 4 votes to 2) voted in favour of recommending implementation of the Modification Proposal.

Both Pipeline Operator representatives voting against implementation noted their votes represented the views of wider Operator constituents.

Those Panel Members in support of the Modification highlighted the importance of this Modification to standardise how each party provides validation of data across the industry adding the importance of being able to check invoices in a consistent manner. Those in favour also indicated that that both objectives B and F (operational and administrative aspects) would be facilitated from the change, highlighting the emphasis on consistency.

The two Panel Members voting against implementing the Modification indicated that most of the data requested within the Modification would need to be derived from other sources by Pipeline Operators. Several Pipeline Operator parties could therefore not support the activity given the cost implications for what would be little or no gain which would adversely impact objectives A and B. Operators also queried whether Shippers were better placed to incur the costs, given they would ultimately receive benefits from the Modification.

The Panel acknowledged there would be significant system changes to implement the Modification to some parties and as such, implementation should be in the next release not less than 9 months from the date of Authority Consent, should the Modification Proposal be implemented.

The Panel also acknowledged the work and approach of the Proposer in the developing the Modification.

### **Likely impact on environment?**

None.

### **Implementation issues including impact on systems**

The modification will impact iGT invoicing systems and the Shipper invoice validation systems.

### **Proposed Legal Text**

*Wherever possible, a proposal should contain proposed draft legal text to reflect how the Network Code would change if the proposal were implemented.*

### **iGT043 Appendix – Proposed Legal Text – Appendix G-1 RPC Invoice Template (page 103 of the iGT UNC)**

The proposal seeks to remove the Appendix G-1 from the iGT UNC, with the RPC Invoice Template being reissued as an Ancillary Document to the iGT UNC.

As such the following changes are required to the iGT UNC:

- **Contents (revise)**

## iGT UNC / iGT INC Final Modification Report

~~Appendix G-1 RPC Invoice Template~~

Appendix G-~~12~~ Portfolio Extract file format

- **Section G – Clause 3.3 (revise)**

(g) the “RPC Invoice Template” is the iGT UNC Ancillary Document ‘RPC Invoice Template’.  
~~template in Appendix G-1~~

- **Section G – Clause 20.2 (revise)**

**20.2** For the purposes of the Code: ~~(a)~~ “Portfolio Extract” means the Supply Meter Point data as detailed in Appendix G-~~12~~ pertaining to each Pipeline User.

- **APPENDIX K-2 iGT UNC Ancillary Documents (add)**

**RPC Invoice Template**

- **Removal of the Appendix G-1 RPC Invoice Template**

See changes below- removing all text/tables.

- **Appendix G-2 Portfolio Extract file format**

Appendix G-~~21~~ Portfolio Extract file format

### Other Information

None.