

## iGT UNC / iGT INC Consultation Response

<b>Date</b>	<b>11 April 2014</b>
<b>Reference</b>	<b>iGT054/A/AA DMR Consultation</b>
<b>Title</b>	<b>Alternative Profile for Pre-Payment Smart Meters</b>
<b>Respondee</b>	<b>Adam Pearce, ESP Utilities Group</b>
<b>Position on the Modification</b>	<b>Do not support Modification Preference is for iGT054AA</b>

### 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.*

<i>Relevant Objective</i>	<i>Yes/No</i>
a. the efficient and economic operation of the pipe-line system to which this licence relates	
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	
c. so far as is consistent with sub-paragraphs (a) and (b), the efficient 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	<b>NO</b>
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	
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	<b>YES<sup>1</sup></b>
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	

\* Regulation 2009/715/EC of the European Parliament and of the Council of 13 July 2009

<sup>1</sup>Only in the case of iGT054AA, when considered against iGT054 and iGT054A.

*Relevant Objectives to be better facilitated:*

#### **Objective D**

The Development Group identified that there are circa. 30,000 prepayment meters on iGT networks.

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The majority of these prepayment meters have larger shippers registered to them. These shippers' portfolios have a combination of credit and prepayment meters. Given this, on balance, the larger shippers will see little or no improvement in the effectiveness in competition as a result of the implementation of iGT054, iGT054A or iGT054AA.

This leaves a small proportion (less than 5%<sup>1</sup>) of the 30,000 prepayment meters on supply points registered to smaller domestic suppliers. Appreciating that one or two small shippers have a larger number of prepayment meters (and smart meters operating in prepayment mode) proportionate to their portfolio size, ESP does not believe that the benefits of the implementation of this modification outweigh the combined costs of (1) the iGTs and shippers producing these monthly reports and (2) Xoserve developing and maintaining the functionality to implement UNC486's solution.

The business case is potentially weakened further when considering two factors:

1. That the impact analysis produced by shippers for the purposes of iGT054/A/AA's development was based on a single year's data; a year when winter SAP prices were abnormally high. This inflated the over-allocation of gas on prepayment meters during the winter months, to a level higher than that seen in recent years – thus inflate the benefits case.
2. The introduction of Single Service Provision as part of the UK Link Replacement programme will see iGT supply points reconciled and billed at a supply point level, using the same profiles currently used by the GDNs under the UNC. This will be implemented in either October 2015 or April 2016. Implementing iGT054/A/AA along with UNC486 will see the industry incur 2 sets of costs to achieve the same objective, only 12 to 18 months apart.

Due to these reasons, ESP believes that iGT054, iGT054A and iGT054AA will not better facilitate relevant objective D.

<sup>2</sup>Assumption based on the proportion of ESP supply points with a prepayment meter installed that are registered to a shipper that is not British Gas, EDF, E.On, Npower, Scottish Power or SSE.

### Objective F

Individually, we do not believe that iGT054, iGT054A or iGT054AA better facilitate the promotion of efficiency in the implementation and administration of the network code and/or the uniform network code. However, when considering iGT054AA against both iGT054 and iGT054A, we believe that iGT054AA better facilitates Objective F.

The iGT054/A/AA Development Group established that smart meters operating in prepayment mode on iGT networks number in the (low) hundreds. ESP does not believe this to be a material enough number to warrant the process for reporting smart meters operating in prepayment mode by iGTs to the Large Transporters (and Ofgem).

iGT054AA requires iGTs to send in a single monthly report to Xoserve, removing the need for iGTs to receive and validate multiple shipper 'SMP' reports, collate those with a report of traditional prepayment meters, add any smart meters operating in prepayment mode from previous months'

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SMP reports, prior to sending the report to the Large Transporters (Xoserve). This also removes the need to report the number of smart meters operating in prepayment mode to Ofgem; for the purposes of 1-2% (400 smart meters, out of 30,000 prepayment meters) of total prepayment meters on iGT networks.

Due to these reasons, ESP does not believe that iGT054, iGT054A or iGT054AA will better facilitate Objective F, but when considered against iGT054 and iGT054A, we believe iGT054AA will better facilitate Objective F.

### Likely impact on environment?

*How this proposal will, if implemented, impact on greenhouse gas emissions?*

### Implementation issues including impact on your systems

### Additional Information and Comments

#### Preference for iGT054AA

ESP understands why iGT054 was originally raised by Utilita, however our primary objection to the iGT054/A/AA proposals is that Utilita's objective will be achieved through the implementation of iGT039 and Single Service Provision. Given this, if Ofgem were to direct the implementation of one of iGT054/A/AA, ESP believes that iGT054AA offers a solution that is most proportionate to the benefits during the interim period, prior to Nexus implementation.

#### Assumption based on the alignment of Authority Decision for iGT054/A/AA and UNC486

ESP's response to this consultation relies on the assumption that UNC486 will be considered by the Authority in parallel to these modifications. Implementation of either iGT054/A/AA or UNC486 without the other would have no positive effect, seeing only cost and additional processes placed on the industry.

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