

iGT UNC / iGT INC Modification Proposal

Date	20 th September 2013
Urgency	Non-Urgent
Reference	iGT055
Status	For Consultation
Title	Single Meter Supply Points
Proposer	Adam Pearce (ES Pipelines)
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: 20/09/2013 Response: 11/10/2013 Circulation of DMR: 01/11/2013 Response to DMR: 22/11/2013 DFMR published: 13/12/2013 DFMR considered at Panel: 15/01/2014 FMR sent to authority: dd/mm/yyyy Circulate Authority's determination: dd/mm/yyyy Suggested Implementation date: dd/mm/yyyy</i>

Urgency

This modification is not being proposed as an Urgent Modification.

Background

On 25 July 2013, Ofgem directed to implement UNC428: Single Meter Supply Points. This modification seeks to mirror the changes in the iGT-UNC, made to the UNC as a result of UNC428's approval.

Since the inception of competition in gas shipping and supply, gas transportation charges have been calculated by grouping meter points into supply points, using rules, which reflect the commercial arrangements downstream of the ECV.

This modification seeks to construct and establish a rule that would only permit one meter per supply point.

The Proposal

With effect from a date to be determined to coincide with the go-live date for Nexus, "Nexus go-live date", a Supply Point shall only contain one Supply Meter Point. This will be achieved through placing obligations on users and operators to adhere to a set of simple transitional rules that will see all existing multi-metered supply points disaggregated into single meter supply points.

With effect from [1st April 2014], a Supply Meter Point would neither be permitted to be added to an existing multi-metered Supply Point, nor combined with another single supply Meter Point, to create

iGT UNC / iGT INC Modification Proposal

a new multi-meter Supply Point.

There are a number of reasons why a change is required. The current arrangements:

- do not reflect the changes to be implemented in the UNC under UNC428;
- are not cost reflective;
- are cumbersome to administer; and,
- are complex to systematise.

Expanding on the final bullet point, iGT039 proposes the centralisation of iGT registration systems under a single GT agent (Xoserve). Removing multi metered supply points from the base-line requirements for Single Service Provision will considerably reduce the complexity that would otherwise have to be written into the new system, in turn reducing the costs associated with such complexity.

NB The implementation of this proposal is not dependent on the implementation of iGT039.

How will the proposal operate?

This modification should operate in an identical manner to that of UNC428. This will enable shippers (and GTs) to follow the same process and timescales, regardless of GT type.

Summary

From a date, to be determined (“Nexus go-live date”), all supply points should only comprise one meter point.

The proposal is for the process to be largely shipper driven, in terms of managing the disaggregation of the affected Supply Points. Where a shipper has not undertaken certain actions, the transporter would have rights to take action on a shipper’s behalf.

The Business Rules

With effect from [1st April 2014]:

1. A Supply Meter Point would neither be permitted to be added to an existing multi-metered Supply Point, nor combined with another single Supply Meter Point, to create a new multi-meter Supply Point.

Any confirmations scheduled to take effect after the [1st April 2014] must comply with this rule, otherwise the confirmation will be rejected.

Three months prior to the Nexus go-live date:

1. All multi-metered supply points shall have been disaggregated, and reconfirmed as single meter Supply Points by the registered user or have a confirmation in place to take effect

iGT UNC / iGT INC Modification Proposal

prior to the Nexus go-live date.

2. Any multi-metered supply points not disaggregated by the shipper 3 months prior to Nexus go-live, or having an effective confirmation prior to the Nexus go-live date, would be disaggregated by the transporter using the Transitional Rules detailed below.

Transition Rules

Where, 3 months prior to the go-live date for Nexus, the shipper has not taken action to split the Supply Point, the Network Operator (iGT) will take such actions as necessary, based on the rules below, to effect the disaggregation.

Network Operator (iGT) disaggregation guidelines:

An NDM supply point: Each meter point will be confirmed using the prevailing Meter Point Annual Quantity. Where sufficient meter read history exists; the Meter Point will be allocated into the corresponding WAR banded EUC;

An NDM meter point in a DM supply point: As above;

A DM meter point in a DM supply point: The meter point will be confirmed with an SOQ equal to the peak daily consumption for Gas Year 1 Oct 2014– 31 March 2015, (currently expected to be the winter period prior to effective implementation).

Where it is necessary to split SHQs (for example where a meter point in a DM supply point will remain DM but other meters will not), these will be given values to reflect the max hour over the effective winter period for this implementation.

Suggested timescale for implementation

It would be desirable if this modification could be implemented by 01 April 2014, mirroring Modification UNC428.

If 01 April 2014 is not attainable, implementation timescales should give enough time for all existing multi-meter supply points to be disaggregated and reconfirmed as Single Supply Meter Points, prior to the Nexus go-live date.

It is the proposer's view that this proposal will not require system changes.

Section of the Code Concerned

Section CI
Transition Document

For consideration by the iGTs in producing the Legal Text

iGT UNC / iGT INC Modification Proposal

It is suggested that this modification does not need to remove all references to “Supply Point Component” within the iGT-UNC as has been carried out under UNC428 for the UNC.

Through the proposals made under iGT039, pointing current iGT-UNC clauses to the UNC will ensure that the processes and legal text are identical, regardless of GT type. Hence both Codes will only allow single meter supply points and the term Supply Point Component in the iGT UNC will become redundant. If iGT039 is not implemented, a ‘sweep-up’ modification (potentially self-governance, pending the outcome of iGT052) can be raised to remove the references. This ensures that references to “Supply Point Component” will be removed by Nexus go-live date, without the need for the extensive changes to the iGT UNC and a lengthy and complex Transitional Document to include all clauses containing the term as per the current iGT UNC for the interim period from implementation date until Nexus go-live date.

Once the Code is changed to prevent new multi-metered supply points being created and existing ones amended, and the work has been carried out to disaggregate existing multi-metered supply points, the term Supply Point component will be redundant. Thus, even with the term being retained in the Code, it will still correctly reflect the business rules.

Facilitation of the relevant objectives

<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	YES
d. so far as is consistent with sub-paragraphs (a) to (c) the securing of effective competition between relevant shippers and between relevant suppliers	YES
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	
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

Relevant Objective C:

iGT UNC / iGT INC Modification Proposal

This modification will introduce greater reflectivity of costs in transportation charging, albeit to a varying degree, dependant on the structure of the existing aggregation. The change would ensure that shippers are charged for distribution on a like-for-like basis.

Relevant Objective D:

This modification would remove what is essentially a subsidy between non-aggregated and aggregated sites. More accurate cost allocation will promote the effective competition between Shippers and implementation would realise improved cost-targeting and therefore promote competition.

Likely impact on environment?

None.

Implementation issues including impact on systems

It is proposed that the transition is Shipper-driven with sufficient time for Shippers to carry out the requisite SPA activities. While not a principal objective, the centralisation of iGT registration systems is planned and any simplification of the base-lined Supply Point Administration arrangements would be beneficial to the implementation of that new system.

Proposed Legal Text

To be provided (see comments above).

Other issues

UNC428 allows for the Transporters to charge Users for the work involved in disaggregating multi-metered supply points where these disaggregations have not been carried out by the registered User prior to 3 months before the go-live date for Nexus. It is proposed that the Network Operators will be able to make a similar charge where they have to carry out such disaggregations on behalf of a Registered User. The charge (Charge per confirmation (action) undertaken on behalf of the shipper) will be the same as that included in the ACS for the Large Transporters.

Completed consultation response forms should be returned to the iGT UNC Representative, Gemserv Ltd at iGT-UNC@gemserv.com or faxed to 020 7090 1001 by 11th October 2013