

Modification proposals:	<b>Independent Gas Transporter Uniform Network Code (iGT UNC): Voluntary Withdrawal Process (iGT032)</b>		
	<b>UGI036v/GTC0345v/GPL044v: Changes to the defined CSV F303 and F304 Voluntary Withdrawal File Formats</b>		
Decision:	The Authority <sup>1</sup> directs that these proposals be made		
Target audience:	Independent Gas Transporters (iGTs), Parties to the iGT UNC and other interested parties		
Date of publication:	30 March 2011	Implementation Date:	To be confirmed

## Background to the modification proposal

Where a shipper considers that gas is not being offtaken at a supply point and there is unlikely to be any gas consumption in the future, it can request to no longer be the registered shipper for that supply point. This process is known as a supply point withdrawal<sup>2</sup>.

To facilitate a supply point withdrawal, the shipper sends a supply point withdrawal request to the independent Gas Transporter (iGT). The iGT has a supply point register of all registered supply points on their network. Once they accept the supply point withdrawal, the iGT will set the status of that relevant supply point to isolated<sup>3</sup>. An isolation, for the purposes of the iGT UNC is a contractual term signalling the status of the supply point, ie that gas is not being offtaken from it, rather than a description of any physical works. The iGT will update the supply point register once it has received sufficient evidence from a shipper that the site has been physically isolated. The shipper is responsible for ensuring that a site is physically isolated<sup>4</sup> but may request that the iGT carries out the isolation process.

The shipper notifies the iGT of the request for a supply point withdrawal by sending a data flow to the iGT. Some iGTs respond with an electronic data flow which indicates whether the supply point withdrawal has been accepted or not. We note that this response is not consistent across all iGTs and some iGTs do not acknowledge a supply point withdrawal request with a response.

The iGT UNC does not set out the content of these flows. For some iGTs these are set out in their individual network codes, for other iGTs these flows are not set out in a network code and therefore their change control is outside of code governance. In some individual network codes these flows are called an F303 (from the shipper to the iGT) and an F304 (iGT to shipper). In the F303, the shipper is not required to indicate when gas ceased to flow at a supply point, whilst in the F304 the iGT is not required to confirm when a supply point withdrawal has become effective.

## The modification proposal

iGT032 will place a requirement on iGTs to respond to a supply point withdrawal request within two business days. This response will include the effective date for the supply point withdrawal, though this modification does not itself seek to prescribe the method

<sup>1</sup> The terms 'the Authority', 'Ofgem' and 'we' are used interchangeably in this document. Ofgem is the Office of the Gas and Electricity Markets Authority.

<sup>2</sup> In accordance with Part C IV, paragraph 1.1(a) of the iGT UNC

<sup>3</sup> Isolation is defined in the iGT UNC (section C IV, paragraph 4.1(a)) as the amendment of the Supply Point Register for the purposes of securing that gas cannot be offtaken from the Pipeline at such point.

<sup>4</sup> In some Individual Network Codes the responsibility for isolation may fall on the iGT.

and format of this response. This will confirm to the shipper that they are no longer responsible for a particular supply point. The iGT will also be responsible for notifying the relevant Large Transporter within seven days of receipt of the Supply Point Withdrawal. This means that the shipper will no longer incur any future transportation charges for this supply point.

The proposer considers that this modification will introduce a consistent process for iGTs to confirm to a shipper that a supply point withdrawal has been completed (ie that it is "effective"). It considers that this will increase transparency and ensure a more efficient supply point withdrawal process.

UGI036v/GTC0345v/GPL044v are related modifications to three individual network codes that will facilitate the implementation of iGT032.

UGI036v/GTC0345v/GPL044v will change the format of the existing F303 and F304 files. The formats of these flows are only detailed in these individual network codes.

Both file formats will be changed to include additional fields. The F303 will be amended to contain the date on which gas ceased to flow to the supply point. The F304 will be amended to contain the date on which the supply point withdrawal was effected.

The proposer<sup>5</sup> considers that these modifications are necessary for the effective implementation of modification iGT032. They consider that the flows set out in three individual network codes will need to be changed to allow for the communication mandated by iGT032.

### **Panel recommendation**

These modifications were considered at the iGT UNC panel on 16 February 2011. The panel agreed with the proposer's views and voted unanimously in favour of implementing all four modifications.

### **The Authority's decision**

The Authority has considered the issues raised by the modification proposals and the Final Modification Reports (FMR) dated 23 February 2011. The Authority has concluded that:

1. implementation of the modification proposals would better facilitate the achievement of the relevant objectives of the iGT UNC as defined in Standard Condition 9 of the Gas Transporters Licence<sup>6</sup>; and
2. directing that the modifications be made is consistent with the Authority's principal objective and statutory duties.

### **Reasons for Authority decision**

The iGT UNC panel considered that all four modifications would better facilitate relevant objectives (a), (b) and (f).

We consider that all four modifications better facilitate relevant objective (f), and are neutral in relation to all other objectives.

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<sup>5</sup> These modifications were raised by a single proposer on behalf of all three individual network codes.

<sup>6</sup> [http://epr.ofgem.gov.uk/document\\_fetch.php?documentid=13355](http://epr.ofgem.gov.uk/document_fetch.php?documentid=13355)

Though there have been arguments put forward that this modification better facilitate objectives (a) and (b), we consider that these arguments sit better under objective (f), and have addressed them accordingly.

One respondent to the FMR expressed concern that iGT032 does not cover all possible scenarios where a supply point withdrawal takes place. The modification requires the iGT to supply a 'Valid Meter Reading'<sup>7</sup> upon withdrawal of the site. This respondent considers that this should not apply for sites where a meter has never been installed.

We recognise that an iGT cannot provide a meter reading where there isn't a meter present, or where a shipper has not provided a meter reading to the iGT. We consider that it would be for shippers and iGTs to best determine how to record these instances within the supply point register.

We note that the definition of a Valid Meter Read in the iGT UNC appears only to apply to Non Daily Read (NDM) Supply Meters, yet we note that other sections of the iGT UNC imply that Valid Meter Reads may also apply to Daily Metered (DM) sites<sup>8</sup>. We also note that the intent of this modification is for it to apply to both NDM and DM sites. We consider that this is a general issue within the iGT UNC and that parties should seek to address this issue, both in relation to IGT 032 and more broadly under the iGT UNC.

Further, this respondent considers that not requiring the removal of supply meter installation will enable the theft of gas from this supply point. It considers that the iGT UNC process should be aligned with the isolation process in the Uniform Network Code (UNC). We consider that this view is not the subject of the modification proposal, which attempts to improve transparency in communications between shippers and iGTs. We note that parties are able to raise modifications to address areas of concern with the operation of the iGT UNC.

Another respondent to the FMR provided comments on the lack of clarity around the isolation and withdrawal processes. We note that this modification seeks to improve transparency in the withdrawal process and does not seek to change the withdrawal and isolation processes themselves. Any concerns on the current processes could be addressed by raising a separate modification.

***Objective (f): the promotion of efficiency in the implementation and administration of the network code***

The proposer and the panel consider that iGT032 will increase transparency by providing greater certainty to both shippers and iGTs over the status of a supply point. If a supply point has been withdrawn, this modification should make it easier for both parties to confirm that the withdrawal has become effective. In turn, this should decrease the number of supply points whose status is unknown. This, in turn, should decrease the cost for both shippers and iGTs of investigating who is responsible for the supply point. We understand that iGTs are responsible for carrying out this investigation but that shipper co-operation is required to discover which shipper is responsible for a supply point.

Similarly, we consider that the increase in transparency should benefit large transporters. In particular the requirement under iGT032 to notify the relevant Large Transporter within seven days of receipt of the Supply Point Withdrawal is likely to decrease the likelihood of large transporters billing suppliers for transportation charges relating to a

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<sup>7</sup> Defined in the iGT UNC (Section E, paragraph 1.4) as a meter reading obtained from a Non Daily Read Supply Meter.

<sup>8</sup> Valid Meter Read is defined as only applicable to Non Daily Read Supply Meters in Section E, paragraph 1.4. Section C1, paragraph 3.4(c) suggests that Valid Meter Reads are also applicable to Daily Metered sites.

supply point that the shipper is no longer responsible for. Resolving these issues is a cost on large transporters, iGTs and shippers.

We consider that UGI036v/GTC0345v/GPL044v is necessary to facilitate the implementation of iGT032 in a uniform manner across the iGT systems that use the F303 and F304 file formats. This should result in a more efficient implementation of the voluntary withdrawal process as it would align the individual network codes with the changes to the iGT UNC resulting from iGT032. Therefore, we agree with both the panel and the proposer and consider that UGI036v/GTC0345v/GPL044v better facilitates relevant objective (f).

We note that these electronic data flow formats are not within the individual network codes for all iGTs and this modification only applies to three iGTs. Though other iGTs will not be mandated to make this change, we consider that there would be benefits in terms of consistency for shippers, if they were to make similar changes to their data flow formats if appropriate.

### **Decision notice**

In accordance with SLC 9 of the Gas Transporter licence, the Authority directs that modification proposals iGT032: "Voluntary Withdrawal Process" and UGI036v/GTC0345v/GPL044v: "Changes to the defined CSV F303 and F304 Voluntary Withdrawal File Formats" be made.

**Emma Kelso**

**Associate Partner, Retail and Market Processes**

Signed on behalf of the Authority and authorised for that purpose.