

| | | | |
|------------------------|--|----------------------|---|
| Modification proposal: | Independent Gas Transporter Uniform Network Code (IGT UNC) (IGT159V: Amendments to the Must Read Process) | | |
| Decision: | The Authority ¹ directs ² that this modification be made | | |
| Target audience: | IGT UNC Panel, Parties to the IGT UNC and other interested parties | | |
| Date of publication: | 02 December 2022 | Implementation date: | To be confirmed by the code administrator |

Background

The current Must Read process within the Independent Gas Transporter Uniform Network Code (IGT UNC) is not aligned with the Uniform Network Code (UNC) and amendments are required to address inconsistencies between codes.

IGT sites will enter the Must Read process and a Must Read flag is applied when four months have passed from the last valid read. The Central Data Service Provider (CDSP), Xoserve, produces a monthly report detailing all sites that have a Must Read flag. IGTs are required to instruct a meter reading agent to attend these sites and obtain a meter reading. Currently, all IGT sites regardless of size would fall into this process and there are no defined timescales for a read to be obtained and returned to the Shipper³ once a site enters the process.

The issues which have been identified by this modification within the current Must Read process, could be exacerbated by the implementation of modification UNC0692s 'Automatic updates to Meter Read Frequency'.⁴

¹ References to the "Authority", "Ofgem", "we" and "our" are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day to day work. This decision is made by or on behalf of GEMA.

² This document is notice of the reasons for this decision as required by section 38A of the Gas Act 1986.

³ 'Shipper' is defined in IGT UNC Section M - Definitions.

⁴ [0692S - Automatic updates to Meter Read Frequency | Joint Office of Gas Transporters \(gasgovernance.co.uk\)](https://www.ofgem.gov.uk/gas/0692s-automatic-updates-to-meter-read-frequency)

The modification proposal

Modification Proposal IGT159: Amendments to the Must Read process was raised by Centrica ("the Proposer") in January 2022. The Proposer presented a variation request to the IGT UNC Panel on 28 October and Panel Members unanimously agreed that the varied modification, IGT UNC159V 'Amendments to be Must Read process', should proceed to the Authority for decision. The Proposer seeks to create new business rules within the IGT UNC which will bring the Must Read process into alignment with other codes and ensure IGT sites entering the Must Read process are treated consistently.

The Must Read data provided to IGTs is currently never refreshed with no option for IGTs to notify Xoserve that a site should be removed from the Must Read process where an issue is known. This can result in a visit to a site to obtain a read for a meter that is no longer in situ, or a visit to a site where the Shipper has obtained a reading after the site entered into the process (for example by resolving any communications issues with smart or AMR meters, or the customer has simply provided a read). These additional and unnecessary visits to a site are not only wastage but also creates a poor experience for customers and can create complaints for the Supplier.

The rules which the proposal seeks to introduce are:

- IGTs are required to provide reads as a result of the 'failure to obtain readings' obligations to the Central Data Service Provider (CDSP), within the standard validation window of 25 Supply Point System Business Days (SPSBDs) after the read has been obtained.
- Introduce the ability for Xoserve to receive notifications from IGTs/Shippers of a known meter issue so that sites can be excluded from the Must Read process.
- Meter Point Reference Numbers (MPRNs) that are smart associated, have an AMR indicator or an active Data Communications Company (DCC) flag should be excluded from the failure to obtain readings obligations. The above sites will continue to be included in pre-notifications to Shippers where the required Read performance has not been met, however these sites would be excluded from the Must Read generation process.

- Provision of data to Performance Assurance Committee (PAC) for oversight of sites paused from the Must-Read process.

The full legal text is contained within the Final Modification Report as Attachment XX.

IGT UNC Panel⁵ recommendation

At the IGT UNC Panel meeting on 28 October 2022, the IGT UNC Panel unanimously considered that IGT159V would better facilitate the IGT UNC objectives, and the Panel therefore recommended its approval.

Our decision

We have considered the issues raised by the modification proposal and the Final Modification Report (FMR) dated 31 October 2022. We have considered and taken into account the responses to the industry consultation on the modification proposal which are attached to the FMR.⁶ We have concluded that:

- implementation of the modification proposal will better facilitate the achievement of the relevant objectives of the IGT UNC;⁷ and
- directing that the modification be made is consistent with our principal objective and statutory duties.⁸

Reasons for our decision

We consider this modification proposal will better facilitate IGT UNC Relevant Objectives (d) and (f) and has a neutral impact on the other relevant objectives.

⁵ The IGT UNC Panel is established and constituted from time to time pursuant to and in accordance with the IGT UNC Modification Rules

⁶ IGT UNC modification proposals, modification reports and representations can be viewed on the IGT UNC website at <http://www.igt-unc.co.uk/>

⁷ As set out in Standard Condition 9 Gas Transporters Licence, available at: <http://www.ofgem.gov.uk/gas-transporter-standard-licence-conditions-08-04-2021>

⁸ The Authority's statutory duties are wider than matters which the Panel must take into consideration and are detailed mainly in the Gas Act 1986.

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

We consider that the proposal would better facilitate IGT UNC Relevant Objective (d).

The Proposer believes the implementation of this modification will lead to more accurate Must Read information and updated time frames which will promote higher rates of meter read submissions and more accurate Annual Quantities (AQ) of gas. This increased accuracy will lead to more precise gas allocation and reconciliation, which will promote competition by reducing a barrier to entry that is currently being created by the high and unexplained levels of Unidentified Gas (UIG). This view was also shared by the Panel.

The majority of consultation respondents agreed that Relevant Objective (d) will be better facilitated by the approval of this modification. One respondent stated the modification will ensure that the Must Reads obtained can be used in settlement, thereby improving UIG. They also considered that the exclusion of sites with specific issues/circumstances will improve the general efficiency of the process for all the parties involved.

We consider that IGT159V will better facilitate the Must Read process as it will ensure that there is consistent treatment between IGT and Distribution Network (DN) sites. We also agree that it will facilitate competition by increasing the number of accurate reads entering settlement and potentially leading to reduced barriers to entry currently being created by high and unexplained amounts of UIG. We therefore consider that the modification would have a positive impact on IGT UNC Relevant Objective (d).

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

We consider that the proposal would better facilitate IGT UNC Relevant Objective (f).

The Proposer believes that this modification will better facilitate Relevant Objective (f) by aligning the IGT UNC Must Read process with that of the UNC Must Read process ensuring

consistency between codes. They consider that this should equate to improved settlement and efficiency in implementing the rules of the code. This view was also shared by the Panel.

The majority of respondents to the consultation agreed that Relevant Objective (f) will be better facilitated by the approval of this modification. One respondent to the consultation stated that the implementation of this modification will address the inconsistent treatment of IGT and DN sites falling into the Must Read process while another noted that the current IGT Must Read process is not fit for purpose due to the lack of defined timescales.

We consider that IGT159V will lead to more consistency between the IGT UNC and UNC on the treatment of meter points falling into the Must Read process and will provide greater alignment of the codes. This will have the potential to improve settlement accuracy and ensure IGTs are not exposed to additional or unnecessary costs in meeting their obligations under the Must Read process, therefore better facilitating this Relevant Objective (f).

Decision notice

In accordance with Standard Condition 9 of the Gas Transporter Licence, the Authority hereby directs that modification proposal IGT UNC 159V: Amendments to the Must Read process be made.

Michael Walls

Head of Retail Market Operations

Signed on behalf of the Authority and authorised for that purpose