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| Modification proposal: | iGT UNC: "iGT Meter Reading Validation Rules and Rejection Codes" within iGT UNC (iGT014) | | |
| Decision: | The Authority ¹ directs that this proposal be made | | |
| Target audience: | Independent Gas Transporters (iGTs), Parties to the iGT UNC and other interested parties | | |
| Date of publication: | 01 July 2008 | Implementation Date: | To be confirmed |

Background to the modification proposal

Modification iGT014 was raised by ScottishPower Energy Management Limited.

In October 2003, a document "Operator Meter Reading (Cyclical Reads Only) & Meter Inspection File Formats" was produced following work undertaken by the Gas Forum Operator Workgroup. It recommended that for iGT purposes shippers adopt the unbundled meter reading file formats for transmitting meter reads and inspection notifications to iGTs. In addition, the report recommended that iGTs adopt unbundled meter read responses files. The document further recommended a set of validation rules that should be adopted by shippers and iGTs.

While a number of iGTs have developed their own version of meter reading validation rules, this proposal seeks to insert a standardised set of validation rules to be used by all shippers and iGTs.

The Modification Proposal

The Modification Proposal introduces an iGT Ancillary Document entitled "iGT Meter Reading Validation Rules and Rejection Codes".

In accordance with the new Ancillary Document all shippers must tolerance check their reads before sending them to the iGT. iGTs, in accordance with the rules set out in the Ancillary Document must validate the meter read files and individual reads sent to them. The Ancillary Document also sets out a list of standardised rejection codes.

Finally, the Modification Proposal requires that iGTs send a response to shippers within 2 Business Days of receipt of the meter reading file.

Panel decision

The iGT UNC Modification Panel held on 21 May 2008 unanimously recommended the Modification for implementation, commenting that it supports the efficient and economic operation of the Pipeline Systems and the efficient discharge of the Licensees' Obligations.

The Panel recommended an implementation date of the next release of the iGT UNC six months after Authority consent in accordance with clause 19.2(c) of section L of the iGT UNC.

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

The Authority's decision

The Authority has considered the issues raised by the Modification and the Final Modification Report dated 2 June 2008. The Authority has concluded that:

1. implementation of the modification proposal would further the relevant objectives as defined in Standard Condition 9 of the Gas Transporters License²; and
2. directing that the modification be made and is consistent with the Authority's principal objective and statutory duties.

Reasons for Authority decision

Whilst noting that the IGT UNC Panel recommended the implementation of this proposal on the basis that it would further relevant objectives (b) and (c), we agree with the proposer, who considered that the benefits of this proposal are pertinent to relevant objective (d); our reasons are set out below.

Relevant objective (d) - securing effective competition between relevant shippers and between relevant suppliers.

The requirements for shippers and IGTs to validate meter reads and for IGTs to notify shippers of the reason for any rejections will enable shippers to standardise their processes and reduce the costs associated with managing their meter read submissions and any subsequent error resolution.

In addition, we consider that the inclusion of standardised meter read validation and rejection processes will increase certainty for both shippers and IGTs for when meter reads have been accepted or rejected. The inclusion of a defined timescale for a response from IGTs will further increase clarity for shippers. This reduced complexity should again allow incumbents to make efficiency gains, but perhaps more significantly go some way to lowering barriers to new shippers and suppliers entering the market to supply consumers on IGT networks.

We note those responses which suggested that this modification will improve shipper's understanding of the reasons for the rejection of meter reads and consider that this improved transparency should help to reduce the number of meter reads that are rejected. In turn, more valid meter reads should therefore be available to derive AQ values and improve the accuracy of energy and cost allocation between shippers, which again will further facilitate effective competition.

To the extent that this proposal will increase the number of reads which are accepted first time and reduce the number of queries etc, we do not disagree with the Panel's assessment that the implementation of this proposal will benefit relevant objective (b), *the coordinated, efficient and economic operation of the pipe-line system of one or more other relevant gas transporters.*

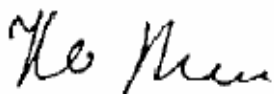
There were no comments either in the FMR or respondents' views which suggested how this proposal may better facilitate relevant objective (c), which relates to the Gas Transporters licence obligations, though one respondent suggested that the modification would give suppliers greater assurance that their own obligations³ were being discharged. However, we consider that this proposal is at least consistent with the relevant (IGTs) licence obligations and that this proposal will therefore have a neutral rather than negative impact against relevant objective (c).

² http://epr.ofgem.gov.uk/document_fetch.php?documentid=13355

³ Gas Suppliers Licence, Standard Licence Condition 12: Matters relating to Gas Meters.

Decision notice

The Authority directs that modification proposal iGT014: "iGT Meter Reading Validation Rules and Rejection Codes" within iGT UNC be made.



Kersti Berge
Head of GB Markets

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