

Stage 01: Proposal

0357:

Enhanced Supply Point Administration Process

What stage is this document in the process?

01

Proposal

02

Workgroup Report

03

Draft Modification Report

04

Final Modification Report

This modification proposes to make changes to the Supply Point Administration (SPA) process to facilitate the introduction of smart and Advanced Meter Reading (AMR) daily read technology.



The Proposer recommends
Modification is sent to the Project Nexus Workgroup for
assessment



High Impact:
Shippers, Consumers



Medium Impact:
None



Low Impact:
Transporters' Agent

0357

Modification

18 January 2011

Version 1.0

Page 1 of 14

© 2011 all rights reserved

Contents

- 1 Summary
- 2 Why Change?
- 3 Solution
- 4 Relevant Objectives
- 5 Impacts and Costs
- 6 Implementation
- 7 The Case for Change
- 8 Recommendation

About this document:

This document is a proposal, which will be presented by the Proposer to the Panel on 17 February 2011. The Panel will consider the Proposer's recommendation, and agree whether this modification should proceed to consultation or be referred to a Workgroup for assessment.



3 **Any questions?**

4 Contact:

5 **Joint Office**



8 enquiries@gasgovernance.co.uk



12 **0121 623 2115**

13 Proposer:

14 **Richard Street**



Richard.street@coronaenergy.co.uk



07920803271

Transporter:



xoserve



Commercial.enquiries@xoserve.com



0357

Modification

18 January 2011

Version 1.0

Page 2 of 14

© 2011 all rights reserved

1 Summary

Is this a Self Governance Modification

This modification does not meet the self governance criteria.

Why Change?

The current Supply Point Administration (SPA) process was designed primarily to facilitate Non-Daily Metered (NDM) sites without daily read technology. While Mod 0224 introduced the concept of supplier driven AMR/smart metering technology being used for settlement purposes, it is not a solution that is appropriate for mass market Daily Metered (DM) sites. For example at present Suppliers can obtain from xoserve all the consumption information needed to accurately quote for NDM non-domestic consumers. Going forward this level of information will not be sufficient to quote for daily read consumers. In many cases these consumers will be unable, or unwilling, to maintain a complete record of this metered consumption. This information deficit means that the incumbent Supplier, with complete access to historical information, has an advantage over other Suppliers and consumers. Change is therefore necessary to deliver a level playing field and so encourage effective competition. A number of other small changes may be identified that are required to the SPA process and this modification will seek to address these.

Solution

It is proposed to that the current Supply Point Administration process will be enhanced to allow non-domestic consumers to choose to release their data via a Supply Point Enquiry Service (specifically meter readings) to specific Shippers/Suppliers direct from xoserve. It is also proposed to put in place strong safeguards to protect customer data. A Shipper/Supplier would only be able to receive this information from xoserve if they have written permission from the customer. In addition, we propose adopting any data privacy processes that are identified in the Smart Metering Implementation Programme.

Cost

We would expect costs for the implementation of this modification to be met as part of Project Nexus.

Implementation

We would expect that this modification would be implemented as part of the implementation of Project Nexus.

The Case for Change

This change will maintain current equitable access to Supply Point information that allows both incumbent and third part suppliers to provide quotes on a consistent basis, so promoting competition. The stronger customer controls over their own consumption history compared to the current SPA Enquiry process will help safeguard this information.

Recommendations

We propose that this modification be sent for assessment at the Project Nexus Workgroup, in order it to be developed in line with the work undertaken by that group.



What is Mod 0224

Mod 0224, Facilitating the use of AMR in the Daily Metered Elective Regime, was implemented on 21 November 2010 and allows Shippers to use provide daily reads for use in the settlement process.

0357
Modification

18 January 2011

Version 1.0

Page 3 of 14

© 2011 all rights reserved

2 Why Change?

The current SPA process was designed to facilitate change of supply for a small number of large DM supply points and a large number of NDM supply points. In the future as AMR and smart technology is rolled out across Great Britain it is expected that there will be a greater number of DM supply points. The current SPA process must evolve to ensure it continues to support the evolution of the market.

At present all Shippers/Suppliers can obtain from xoserve the consumption¹ information needed to accurately quote for non-domestic consumers. This information is not sufficient to quote for Daily Metered customers, but these customers currently comprise the largest, energy-intensive users that generally have dedicated energy managers who provide this information to prospective Suppliers when tendering.

This current arrangement is likely to be unsustainable as the Business Smart metering solution is rolled out with the resultant increase in the number of non-domestic consumers who are settled using daily metering data.

In many cases these consumers will be unable, or unwilling, to maintain a complete and accurate record of this metered consumption. The consumer is forced to contact its current Supplier as xoserve is not permitted by the UNC to release this data.

This information deficit means that the incumbent Supplier, with complete access to historical information, has an advantage over other Suppliers and consumers. Not only will the incumbent be able to generate quotations in real-time but it will also be able to undercut its competitors who, without a clear understanding of a consumer's needs, will be required to build uncertainty into its quotes. The incumbent Supplier knows this and will be able to achieve a greater margin on those consumers, causing an overall inflation in consumer costs. This information restriction will impair market operation, deterring switching and resulting in higher costs for all business consumers.

0357
Modification

18 January 2011

Version 1.0

Page 4 of 14

© 2011 all rights reserved

¹ The Annual Quantity (AQ) and maximum peak day flow (SOQ)

3 Solution

It is proposed to enhance the current Supply Point Enquiry Service, allowing non-domestic consumers to choose to release their data (specifically meter readings) to specific Suppliers direct from xoserve. This will avoid the need for consumers to incur the cost and administration of maintaining its own consumption history, or having to pay its current Supplier to provide it.

To ensure that the consumer maintains complete control over its data we have proposed stronger safeguards than are currently contained within the Uniform Network Code, but which would apply only to the service provided as part of the proposed service enhancement and would not impact the existing arrangements for smaller supply points.

At present customer consumption information can be released to Suppliers if they are "contemplating " supplying a consumer; no permission is required. Our proposal is that the Supplier would only be able to receive this information from xoserve if they have written permission from the consumer, records of which will need to be kept for audit purposes. Failure to comply with these requirements could be easily identified by the regulator who would be able to fine and/or remove the licence of the offending organisation.

In addition, we are mindful that the Smart Metering Implementation Programme is looking at what data safeguards are necessary to protect consumer information. As these proposals become more developed, we would look to implement them into this modification.

The AMR workgroup has been extremely helpful in developing a detailed business solution for this new service, which is contained below.

Assumptions

- Energy continues to be calculated, recorded and held at the required level; Meter Point or Supply Point level.
- xoserve continues to receive and hold data at the required level; Supply and Meter Point level, not aggregated data.
- The Supplier has gained the relevant permission from the consumer and will retain the consent as evidence if required.
- The Supply Point is a Commercial premise, not a domestic premise. The Supplier/Shipper will be responsible to ensure that requests are not intentionally made for ineligible Supply Points.

Any and/or all of these assumptions may become invalid as a result of the deployment of Project Nexus, and/or the development of Smart Metering and so will need to be revisited as the Project progresses.

Eligibility

In Scope:

- DM sites
- Unique Sites, including DM CSEPs
- NTS Sites (dependent on costs as consumption data is already made available via National Grid Transmission's website)

0357

Modification

18 January 2011

Version 1.0

Page 5 of 14

© 2011 all rights reserved

- NDM sites (supplied under an I&C licence)

Out of Scope:

- NDM CSEPs
- Interconnector
- Domestic Supply Points.

Process

- 1.1 *Applies to I&C sites only. The Shipper will warrant that the Supply Point is a commercial premise. [Validations will not be carried out by xoserve].*
- 1.2 *The existing Supply Point Enquiry process will not be affected.*
- 1.3 *Shippers will need to submit a request for the existing Supply Point Enquiry or the new Supply Point Enquiry which will include additional data items; namely the consumption history for the Supply Point or Meter Point(s). For clarification, two separate processes will exist.*
- 1.4 *Shippers will submit the same data items as current on the Supply Point Enquiry file, with the addition of a start end date or period for the consumption data (see 1.8).*
- 1.5 *The Shipper submitting the request must be a Registered User.*
- 1.6 *A record will be logged and maintained that the Shipper has gained permission from the consumer. Where the consumer's permission has not been gained the request will be rejected.*
- 1.7 *[Additional validation checks may be required to confirm with the data privacy requirements of the Smart Metering Implementation Programme].*
- 1.8 *Request for data will only be provided for Meter Points with Advanced Meters (AMR) fitted. Where an AMR is not fitted the request will be rejected.*
- 1.9 *Consumption provided will be in kWh.*
- 1.10 *The most recent consumption data to be provided prior to the date of receipt of the request. [However, options should be identified for the range of data available and costs provided for each option, as below;*
- For a period specified by a start date and end date*
 - For a set period; maximum of 24 months or 12 months (cost dependent), if available]*
- 1.11 *The additional data to be included on the new Supply Point Enquiry is;*
- Supply Point/Meter Point Consumption, based on an actual or estimated meter reading*
 - For a set period; maximum of [24 months or 12 months] (cost dependent), if available*
 - The Read Type that the consumption was calculated from, again dependent if the data is at Supply Point level*
- 1.12 *Data provided will be for a maximum of [24 or 12] months from the date of receipt of the Supply Point Enquiry or, if [24 or 12] months is not available; the maximum available for the Supply Point.*
- 1.13 *The consumption data held on the Supply Point Register will be issued to the shipper, whether daily consumption, monthly, annual etc.*
- 1.14 *System will need to record that a remote meter is fitted at the Meter Point. This process applies to large sites where daily balancing is currently mandatory due to size/location or other factors. Timely receipt of reads is critical to the accuracy of the NDM Allocation*

0357

Modification

18 January 2011

Version 1.0

Page 6 of 14

© 2011 all rights reserved

process. [This includes all Supply Points with an AQ >58.6m kWh or NTS sites. Other sites may be elected to use this service by the GT due to network operations or by the Shipper].

1.15 Requests will be made for a Supply Point and the data provided will be at Supply Point level. Costs to be investigated on the option for providing the data at Meter Point level or at Supply Point.

1.16 For Supply Points with both remote and pedestrian read metering, and non AMR meters fitted, the additional data will only be provided for Meter Points with remote reading devices fitted. The response to notify the Shipper of this for each Meter Point where a remote meter reading equipment is not fitted (as per xoserve's records)

1.17 The response, whether accepted or rejected, will be issued within the UNC timescales (currently 2 business days although timescales may be reviewed).

1.18 As per existing process, an audit trail to be held of the request, request date, Shipper, and whether rejected or accepted, if rejected the rejection reason and if accepted, the date the response was issued.

1.19 The record of the warrant from the consumer will be held by the Supplier/Shipper not xoserve, subject to the requirements of the Smart Metering Implementation Programme.

1.20 [Monthly report, on a User Pays basis, to show any requests submitted for Supply Points with a Market Sector Flag of not 'I' on xoserve's system. This will be produced and issued on a request basis only, not a scheduled report].

0357

Modification

18 January 2011

Version 1.0

Page 7 of 14

© 2011 all rights reserved

4 Relevant Objectives

The Proposer believes that implementation will better facilitate the achievement of **Relevant Objectives (d) (i) & (ii)**.

Proposer's view of the benefits against the Code Relevant Objectives	
Description of Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	No
b) Coordinated, efficient and economic operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters.	No
c) Efficient discharge of the licensee's obligations.	No
d) Securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers.	Yes
e) 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.	No
f) Promotion of efficiency in the implementation and administration of the Code	No

Achievement of Relevant Objective (d) (ii)

Allowing consumers to release information to Shippers via xoserve will ensure that all Suppliers, if permitted to do so by the consumer, will be able to submit informed, accurate quotes without the need to consider including a risk premium to reflect uncertainty about likely demand patterns. Releasing consistent information which would otherwise only be available to historic Suppliers will help to ensure those offering to supply can do so on an equitable basis. Implementation will therefore ensure that customers will be easily able to identify which Suppliers can competitively quote for their business, so encouraging effective competition.

0357

Modification

18 January 2011

Version 1.0

Page 8 of 14

© 2011 all rights reserved

5 Impacts and Costs

Costs

We would expect that this modification would be implemented as part of Project Nexus and so any cost implications would be considered as part of that project.

Impacts

We would expect that this modification would be implemented as part of Project Nexus, which has the potential to significantly alter current system and market arrangements. In addition we are mindful that the Smart Metering Implementation Programme may impact the services xoserve delivers, and in addition the services offered by the Transporters may be altered by the forthcoming price control review. In light of these potential changes, and the long-lead time of any implementation of this modification, it seems premature to attempt to identify specific impacts at this stage.

We would therefore expect to be in a better position to identify these changes when the scope of Project Nexus, and the exact nature of the Smart Metering Implementation Programme has been identified.

Indicative industry costs – User Pays	
Classification of the proposal as User Pays or not and justification for classification	
TBC	
Identification of Users, proposed split of the recovery between Gas Transporters and Users for User Pays costs and justification	
TBC	
Proposed charge(s) for application of Users Pays charges to Shippers	
TBC	
Proposed charge for inclusion in ACS – to be completed upon receipt of cost estimate from xoserve	

Impact on Transporters' Systems and Process	
Transporters' System/Process	Potential impact
UK Link	TBC
Operational Processes	TBC
User Pays implications	TBC

0357

Modification

18 January 2011

Version 1.0

Page 9 of 14

© 2011 all rights reserved

Where can I find details of the UNC Standards of Service?

In the Revised FMR for Transco's Network Code Modification

0565 Transco Proposal for Revision of Network Code Standards of Service

at the following location:

<http://www.gasgovernance.com/networkcodearchive/551-575/>

Impact on Users	
Area of Users' business	Potential impact
Administrative and operational	TBC
Development, capital and operating costs	TBC
Contractual risks	TBC
Legislative, regulatory and contractual obligations and relationships	TBC

Impact on Transporters	
Area of Transporters' business	Potential impact
System operation	TBC
Development, capital and operating costs	TBC
Recovery of costs	TBC
Price regulation	TBC
Contractual risks	TBC
Legislative, regulatory and contractual obligations and relationships	TBC
Standards of service	TBC

Impact on Code Administration	
Area of Code Administration	Potential impact
Modification Rules	TBC
UNC Committees	TBC
General administration	TBC

Impact on Code	
Code section	Potential impact
TBC	TBC

Impact on UNC Related Documents and Other Referenced Documents	
Related Document	Potential impact
Network Entry Agreement (TPD I1.3)	TBC

Impact on UNC Related Documents and Other Referenced Documents	
Network Exit Agreement (Including Connected System Exit Points) (TPD J1.5.4)	TBC
Storage Connection Agreement (TPD R1.3.1)	TBC
UK Link Manual (TPD U1.4)	TBC
Network Code Operations Reporting Manual (TPD V12)	TBC
Network Code Validation Rules (TPD V12)	TBC
ECQ Methodology (TPD V12)	TBC
Measurement Error Notification Guidelines (TPD V12)	TBC
Energy Balancing Credit Rules (TPD X2.1)	TBC
Uniform Network Code Standards of Service (Various)	TBC

Impact on Core Industry Documents and other documents	
Document	Potential impact
Safety Case or other document under Gas Safety (Management) Regulations	TBC
Gas Transporter Licence	TBC

Other Impacts	
Item impacted	Potential impact
Security of Supply	TBC
Operation of the Total System	TBC
Industry fragmentation	TBC
Terminal operators, consumers, connected system operators, suppliers, producers and other non code parties	TBC

6 Implementation

We propose that this modification is implemented as part of the deployment of Project Nexus.

0357

Modification

18 January 2011

Version 1.0

Page 12 of 14

© 2011 all rights reserved

7 The Case for Change

In addition to that identified the above, the Proposer has identified the following:

Advantages

- Maintains current equitable access to Supply Point information to daily read sites.
- Promotes competition by providing equal access to market data.
- Stronger customer controls over their own consumption history compared to current SPA Enquiry process.

Disadvantages

None Identified

0357

Modification

18 January 2011

Version 1.0

Page 13 of 14

© 2011 all rights reserved

8 Recommendation

The Proposer invites the Panel to:

- DETERMINE that Modification 0357 progress to the Project Nexus Workstream for assessment.

0357

Modification

18 January 2011

Version 1.0

Page 14 of 14

© 2011 all rights reserved