

Mr Bob Fletcher  
Secretary, Modification Panel  
Joint Office of Gas Transporters  
51 Homer Road  
Solihull  
B91 3LT

25<sup>th</sup> February 2011

Dear Bob

**RE: UNC Modification Proposals 0314**

1. British Gas does not support the implementation of Modification Proposal 0314. Our detailed reasoning is given below.
2. We recognise the need for interoperability within the Advanced Meter Reading (AMR) market and agree with the Proposer that a register of sites where AMR equipment is installed would help manage the risk non-domestic Shippers may face on acquisition.
3. We believe however that Modification Proposal 0314 creates a solution which will give a non-Code, unregulated party, access to confidential industry data without any effective control over how that data is then treated. We also consider that in light of the ongoing development of similar solutions by xoserve, Modification Proposal 0314 presents an unnecessary duplication of cost to the industry which can be avoided by rejecting this Proposal.

*Control of Confidential Data*

4. The Uniform Network Code (UNC) section V, defines the data items which Modification Proposal 0314 proposes to release to ESTA Management Services Limited (ESTA) as “confidential”<sup>1</sup>, meaning data items which the industry it necessary to control.
5. Although we concede these data items do not constitute sensitive personal information as considered under the Data Protection Act, we consider that the items referred to are part of the fundamental building blocks of site data. In particular we consider that the MPRN to be most important piece of data

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<sup>1</sup> [ref]

about a Supply Point and can be used to obtain other, more sensitive data items. Control of the data items referenced in Modification Proposal 0314 is therefore important.

6. Unfortunately, and whilst we consider that the draft legal text provided commits the Network Owners to ensuring that ESTA is bound by a confidentiality agreement containing similar control provisions to that the Network Owners themselves face in the UNC<sup>2</sup>, it is notable that there are no provisions in Code which will hold anyone accountable if the confidentiality arrangement were breached. Indeed, we consider that as ESTA are a non-Code, unregulated, party, there can be no appropriate remedy to a breach of confidentiality under the Modification Proposal 0314 process and thus no adequate control over the data.
7. Finally, we consider that insufficient focus has been placed on ESTA themselves during the development of this modification. ESTA is not a trade association but an collective of organisations seeking to make use industry data for commercial gain. We also believe, as ESTA members, that the decision making process of the organisation can be weighted towards interest groups from the I&C only Shipper community. On this basis, we have some reservations about ESTA's suitability to provide services equitably to the entire non-domestic market.

#### *Unnecessary Duplication of Cost*

8. We are also mindful of the industry investment currently being made by xoserve to replace the Internet Access to Data (IAD) system during 2011<sup>3</sup>, in such a way as to facilitate the creation of an AMR register which will cover the domestic and non-domestic markets. We consider this to be a superior solution to the problem highlighted by the Proposer;
  - a) It will cover the entire market,
  - b) As the data necessary to populate the AMR register is already held by xoserve it avoids the cost associated with extracting and transferring data to a third party,
  - c) The development of the new IAD system is already funded by Suppliers, and
  - d) Confidential data provided by xoserve is covered under section V of the UNC, meaning there are effective controls on the release of AMR data under this solution, unlike in Modification Proposal 0314.
9. The creation of a more advanced, more complete and more effective solution in the near future leads us to believe that the cost associated with Modification Proposal 0314, payable by AMR Service Providers which in turn is payable by those Suppliers who contract with them, is an unnecessary duplication which can and should be avoided. To do otherwise will simply to be to increase the costs faced by customers for no extra benefit.

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<sup>2</sup> Section V, paragraph 5

<sup>3</sup> This work is being completed separately to the systems work being completed under Project Nexus, and is expected to deliver this year.

*Assessment of Relevant Objectives*

**Standard Special Condition A11.1 (d): so far as is consistent with subparagraphs (a) to (c) the 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;**

10. Whilst we agree that an effective AMR register would reduce risk for Shippers on acquisition, we consider that the risk associated with uncontrolled release of the data to facilitate such a solution creates the potential for competition to be distorted.
11. We further consider that any competition benefits associated with Modification Proposal 0314 will be eroded following the completion of the xoserve IAD replacement currently in development meaning that, notwithstanding the issues above related to data security, Modification Proposal 0314 is not of benefit to the industry.
12. Finally, we believe that although the ESTA service proposed in Modification Proposal 0314 will be funded by AMR Service Providers, as commercial organisations, these costs will in turn be passed on to Suppliers and then finally on to customers. The duplication of cost arising from building a system whose aim is already being provisioned for is therefore unnecessary and not conducive to facilitating competition, especially as those costs will inevitably impact those Shippers with a higher than average percentage of AMR sites, and therefore greater exposure to an increase in AMR Service Provider costs, within their portfolio.

If you have any queries relating to this representation, please do not hesitate to telephone me on (07789) 570501.

Yours sincerely

David Watson  
Regulatory Manager, British Gas