

Modification proposal:	<b>Uniform Network Code (UNC) 296: Facilitating a Supply Point Enquiry Service for Non-domestic Supply Points (UNC296)</b>		
Decision:	The Authority <sup>1</sup> directs that this proposal be made <sup>2</sup>		
Target audience:	The Joint Office, Parties to the UNC and other interested parties		
Date of publication:	15 April 2011	Implementation Date:	To be confirmed by the Joint Office

## Background to the modification proposal

If a shipper wishes to provide a quote to a potential customer it may first want to access data related to that meter point upon which to base the quote. This data includes the Meter Point Reference Number (MPRN) and the Annual Quantity (AQ) for that meter point.

This data is held by Xoserve<sup>3</sup>. Xoserve will process this request (known as a Supply Point Enquiry) and then pass on the relevant supply point data to that shipper<sup>4</sup>. Where a supply point is a Larger Supply Point<sup>5</sup> (LSP) or a New Smaller Supply Point<sup>6</sup>, a shipper may make a Supply Point Nomination to the Gas Transporter (GT). This is because further information may be required, ie the shipper may want to increase the capacity at that meter point. The GT will then either reject the Supply Point Nomination or provide a Supply Point Offer that details the proposed specifications of that supply point, including the AQ and the meter point reference number. The nomination process is unnecessary for Smaller Supply Points (SSPs) (that are not New Smaller Supply Points), as shippers do not request changes to the details of the supply point, only that the supply point should be transferred to the gaining shipper via a Supply Point Confirmation.

Under the UNC<sup>7</sup>, a shipper may request a Supply Point Enquiry if it is 'contemplating' submitting a Supply Point Nomination. This may be the case when a shipper is looking to contract with the customer at that supply point. However the term contemplating is not defined.

The process for submitting a Supply Point Enquiry request and receiving a response may slow down the progress of a shipper giving a customer a quote. This process may take up to one business day if the enquiry is for less than 50 supply points<sup>8</sup>. Some shippers have indicated that it would be preferable to be able to access the relevant data in real time to provide customers with an instant quote rather than having to defer a quote until this information has been received from Xoserve.

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

<sup>3</sup> Xoserve is the Transporter's Agent and holds data on the majority of GB meter points on their behalf.

<sup>4</sup> Suppliers are not parties to the UNC, however in most instances the shipper and the supplier are the same legal entity. A shipper will typically make a Supply Point Enquiry on behalf of a supplier.

<sup>5</sup> In the UNC (Section A, paragraph 4.2.2) an LSP is defined as a supply point with an AQ greater than 73,200kWh, whilst an SSP has an AQ below 73,200kWh.

<sup>6</sup> A Smaller Supply Point that is being registered for the first time.

<sup>7</sup> See section G, paragraph 1.17.

<sup>8</sup> It may take significantly longer for a greater number of supply points. The process is set out in the UNC – Section G, paragraph 1.17.8.

A previous UNC modification was raised (UNC253) in an attempt to reduce the transactional costs for obtaining Supply Point Enquiry Data for LSPs. This modification was rejected by Ofgem<sup>9</sup> on the grounds that it would not have provided sufficient data protection measures for access to customers' data, in particular in relation to domestic customers, and because there was insufficient evidence on associated costs to conclude that transactional costs would be reduced.

### **The modification proposal**

British Gas Trading raised modification proposal UNC296 in May 2010. This modification is designed to facilitate the creation of an online enquiry service that will allow shippers to access non-domestic customer data directly, instead of submitting requests to the UK Link system<sup>10</sup>. This modification would not mandate the creation of the online enquiry service but it would make changes to the UNC that would allow the requisite data to be passed to the online portal.

The proposal also provides a definition of 'contemplating' in relation to a Supply Point Nomination and aims to provide safeguards against shippers accessing this data when it is not appropriate to do so.

### **UNC Panel<sup>11</sup> recommendation**

The draft modification report for UNC296 was discussed at the UNC Panel meeting on 20 January 2011. Of the 11 voting members present, 10 voted in favour of implementing the modification and one voted against. The UNC Panel therefore recommended implementation of this modification.

The draft modification report contained legal text that suggested that this modification would be applicable to SSPs, which was not the proposer's intention. Another error was also spotted in that New Smaller Supply Point was not defined in the UNC but was capitalised suggesting that it is a defined term. Both errors were corrected and revised legal text was submitted to the UNC Panel, who approved these changes.

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

The Authority has considered the issues raised by the modification proposal and the revised Final Modification Report (FMR) dated 21 March 2011. The Authority has considered and taken into account the responses to the Joint Office's consultation on the modification proposal which are attached to the revised FMR<sup>12</sup>. The Authority has concluded that:

1. implementation of the modification proposal will better facilitate the achievement of the relevant objectives of the UNC<sup>13</sup>; and
2. directing that the modification be made is consistent with the Authority's principal objective and statutory duties<sup>14</sup>.

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<sup>9</sup> The decision letter for UN253 may be found here:

<http://www.ofgem.gov.uk/LICENSING/GASCODES/UNC/MODS/Documents1/UNC253D.pdf>.

<sup>10</sup> This is the system operated by Xoserve that holds data for each meter point.

<sup>11</sup> The UNC Panel is established and constituted from time to time pursuant to and in accordance with the UNC Modification Rules.

<sup>12</sup> UNC modification proposals, modification reports and representations can be viewed on the Joint Office of Gas Transporters website at [www.gasgovernance.com](http://www.gasgovernance.com)

<sup>13</sup> As set out in Standard Special Condition A11(1) of the Gas Transporters Licence, see:

[http://epr.ofgem.gov.uk/document\\_fetch.php?documentid=6547](http://epr.ofgem.gov.uk/document_fetch.php?documentid=6547)

## **Reasons for the Authority's decision**

We consider that this modification only affects UNC relevant objective (d) and is neutral with respect to all other objectives. We further note the concerns raised about the potential for shippers to access data without the permission of the customer. We have addressed these issues below.

### ***Objective (d): the securing of effective competition between relevant shippers and relevant suppliers***

We note that this modification will facilitate the creation of an online supply point enquiry service. Whilst not expressly requiring that the online portal is established, the proposal facilitates the delivery of the data were one to be established. We consider that improving access to Supply Point Enquiry data for shippers contemplating a Supply Point Nomination for non-domestic customers will increase the efficiency and decrease the transactional cost of securing an accurate customer quotation. By potentially making it easier and cheaper to provide a quote to a non-domestic customer, this modification could further promote competition between gas shippers and suppliers whilst retaining appropriate protections for access to customers' data.

We consider that there are benefits to competition in setting up an online portal, to access supply point data for suppliers contemplating a Supply Point Nomination, in relation to non-domestic customers. By enabling the creation of this online portal, we consider that this modification better facilitates objective (d). We note that the creation and delivery of this online service will be a commercial decision between shippers and GTs.

### ***Additional issues***

We note that two respondents to the consultation do not support this modification due to the potential for consumer harm. These respondents consider that shippers will be able to abuse this system as this modification will make it easier to obtain customer data without their consent.

We have considered the potential for shippers to access this data without the permission of non-domestic customers and whether this could impact on competition. Whilst we note that this is possible, we consider that appropriate measures have been put in place to require suppliers to retain evidence that customers have given their permission for their data to be accessed, and for such evidence to be provided to GDNs on request. In particular, shippers must retain evidence of the written or verbal consent of the customer to access the data, and GDNs are able to audit this requirement. We would encourage GDNs to undertake proportionate audits of shipper activity to understand compliance and, were Ofgem to become aware of complaints about inappropriate access of this data, then we would ask GDNs to provide a report to us.

We further note that the supply point enquiry service in this modification applies solely to non-domestic supply points where Supply Point Nominations may be made. This will restrict this service so that it is only applicable to non-domestic LSPs and non-domestic New Smaller Supply Points.

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<sup>14</sup> 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 as amended.

We consider that UNC296 provides additional customer protection measures to those currently in place under the UNC. The current wording in the UNC refers to the ability to make a Supply Point Enquiry when a shipper is 'contemplating submitting a Supply Point Nomination'. However, as noted above the term contemplating is not defined in the UNC. Some parties may have interpreted this to include instances where they do not have the express permission of the customer to access the data. This modification has sought to address this issue by providing a clear definition of when a shipper is considered to be 'contemplating a Supply Point Nomination' and has linked this to a customer's consent.

We further note the concerns over the retention of evidence of a customer's 'verbal consent' to access the Supply Point Enquiry data. In particular, that verbal consent is undefined and could be loosely interpreted by shippers. We consider that compliance with this requirement is likely to be achieved if a shipper has a recording of a customer's consent (eg a physical record of a telephone conversation). We consider that compliance is unlikely to be demonstrated if such a recording does not exist, for example if a sales person has self certified that verbal consent has been provided. In circumstances where a sales person is visiting premises we consider that evidence of a clear explanation to the customer of the implications of providing consent and a customer signature would demonstrate compliance.

We note that this modification will not affect any data provision and data retention obligations that are applicable to shippers and GTs under the Data Protection Act 1998.

### **Decision notice**

In accordance with Standard Special Condition A11 of the Gas Transporters Licence, the Authority, hereby directs that modification proposal UNC296: 'Facilitating a Supply Point Enquiry Service for Non-domestic Supply Points' be made.

**Emma Kelso**  
**Associate Partner, Retail and Market Processes**

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