

Modification proposal:	<b>Uniform Network Code (UNC) 314: The provision of a "Data Update" to Non Code Parties (UNC314)</b>		
Decision:	The Authority <sup>1</sup> decided to reject this proposal		
Target audience:	The Joint Office, Parties to the UNC and other interested parties		
Date of publication:	15 June 2011	Implementation Date:	N/A

## Background to the modification proposal

Suppliers have a licence obligation<sup>2</sup> to install only advanced meters<sup>3</sup> at non-domestic larger supply points (LSPs)<sup>4</sup>. They must also ensure that all non-domestic LSPs have an advanced meter installed by 6 April 2014<sup>5</sup>.

For a non-domestic gas meter to have remote reading capability the typical solution is for Advanced Meter Reading (AMR) equipment to be installed that reads the pulse output from the meter. There is no central database that contains details of the AMR equipment installed at the supply point, the service provider responsible for the AMR equipment and any existing contractual relationship between the AMR service provider and the customer<sup>6</sup>.

This lack of information transparency may be problematic when there is a change of supplier as the new supplier may find it difficult to determine whether there is any AMR equipment installed and if there is a related AMR service provider.

AMR service providers are not covered by formal industry governance but the Energy Services and Technology Association (ESTA) has developed an AMR service provider code of practice (ASPCOP). Many suppliers and AMR service providers have signed up to the ASPCOP. We note that it is a voluntary code and no industry parties are obligated to sign up to, or abide by, the ASPCOP. The ASPCOP defines the operations, standards and methods by which metered gas consumption data is read and supplied to customers, energy suppliers or other parties, such as AMR service providers or energy management services. We note that ESTA does not have access to supply point information that may be used to facilitate information provision to the supplier - this data is held by Xoserve<sup>7</sup> on behalf of Gas Transporters.

## The modification proposal

This modification will permit the release of data from Xoserve to ESTA to help populate the AMR data hub. These data items relate to the MPRN and meter details. The AMR data hub will also be populated by data from AMR service providers. These data items will

<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> Supply Licence Condition (SLC) 12.20: <http://epr.ofgem.gov.uk/index.php?pk=doc617173>.

<sup>3</sup> An advanced meter is a meter that, either on its own or with an ancillary device, provides measured consumption for multiple time periods and is able to provide the supplier with remote access to this data.

<sup>4</sup> A supply point with an annual quantity (estimated yearly consumption) greater than 732,000kWh.

<sup>5</sup> Unless the supplier is unable to install or arrange for the installation of an advanced meter at the relevant premises in question despite taking all reasonable steps to do so.

<sup>6</sup> An AMR service provider is capable of contracting directly with the customer and the supplier may not be aware of this relationship.

<sup>7</sup> Xoserve are responsible for providing transportation transactional services to gas shippers and maintaining systems on behalf of Gas Transporters.

include details of the AMR equipment installed at the site and any existing contractual relationships with the AMR service provider.

It is intended that access to the AMR data hub will be provided to shippers, suppliers and AMR service providers. The data released will only relate to non-domestic supply meter points. Data relating to domestic meter points will not be released.

This modification does not prescribe the frequency of how often this data will be updated. If approved, it is proposed that this would be decided on a commercial basis between ESTA and the Gas Transporters.

For clarity, this modification requires the release of data that will be used to populate the data hub. It does not mandate the creation of an AMR data hub. The data hub itself would be established by ESTA and would operate outside of the UNC governance arrangements.

### **UNC Panel<sup>8</sup> recommendation**

At its 17 March 2011 meeting, the UNC Panel recommended that this modification be rejected. Of the 11 voting members present, only one was in favour of implementation.

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

The Authority has considered the issues raised by the modification proposal and the Final Modification Report (FMR) dated 11 May 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 FMR<sup>9</sup>.

The Authority has concluded that implementation of the modification proposal will not better facilitate the achievement of the relevant objectives of the UNC<sup>10</sup>.

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

The proposer originally considered that this modification would increase the efficiency of the change of supplier process and the installation of AMR equipment at LSPs. After the FMR was provided to us, we received confirmation from the proposer that implementation of this modification at this time would be inefficient. This is because the design of the AMR database planned by ESTA has been subject to change and the new design will not require Xoserve to provide data.

The proposer originally considered that this modification better facilitated relevant objective (d), although as noted above, circumstances have now changed this view. For the reasons set out below, we consider that this modification is neutral with respect to objective (d). We are rejecting this modification as it does not better facilitate relevant objective (f).

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<sup>8</sup> The UNC Panel is established and constituted from time to time pursuant to and in accordance with the UNC Modification Rules.

<sup>9</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>10</sup> As set out in Standard Special Condition A11(1) of the Gas Transporters Licence, see: <http://epr.ofgem.gov.uk/index.php?pk=folder590301>.

***Relevant objective (d): the securing of effective competition between shippers and suppliers***

The proposer originally considered that this modification would result in decreased costs in the change of supplier process for sites where AMR equipment is installed. We note that there may be benefits to competition from increased transparency on the provision of AMR services, however the proposer has stated that the AMR Data Hub envisaged by ESTA no longer requires Xoserve data to achieve its aim. We are therefore unable to conclude that the provision of this data will better facilitate relevant objective (d).

***Relevant objective (f): the promotion of efficiency in the implementation and administration of the uniform network code***

As the proposer has informed us that the AMR Data Hub envisaged by ESTA no longer requires Xoserve data, we consider that approving this modification would be inefficient. We consider that this inefficiency would arise from increased complexity in the provisions of the UNC for a process that has no realistic prospect of being used.

For this reason we do not consider that this modification would better facilitate relevant objective (f) and are directing that this modification be rejected.

Future modifications

For clarity, we are rejecting this modification on the grounds of efficiency as it has no realistic prospect of being used to support the proposed ESTA AMR data hub. Given that the basis on which the proposed modification has been raised is no longer supported, it has not been necessary to reach a view on the potential of the proposal to benefit competition by increasing the transparency of AMR service provision. Were a further proposal to be raised with this objective in mind and was cognisant of wider interactions, we would consider any such proposal on its respective merits.

**Decision notice**

In accordance with Standard Special Condition A11 of the Gas Transporters Licence, the Authority hereby directs that modification proposal UNC 314: 'The provision of a "Data Update" to Non Code Parties' be rejected.

**Colin Sausman**

**Partner, Smarter Markets**

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