

Modification proposal:	Uniform Network Code (UNC): Creating the permission to release data to Meter Asset Provider organisations (UNC 422)		
Decision:	The Authority ¹ directs that this proposal be made ²		
Target audience:	The Joint Office, Parties to the UNC and other interested parties		
Date of publication:	22 March 2013	Implementation Date:	To be confirmed by the Joint Office

Background to the modification proposal

Meter Asset Providers (MAPs) have advised that existing data flows between suppliers, Meter Asset Managers (MAMs) and MAPs, which are designed to allow MAPs to track metering assets, do not always work effectively. Therefore, MAPs often do not know who to invoice for meter rent once a change of supply has taken place, leading to a loss of income. MAPs price this risk into their meter rents to account for the potential loss of income. Ultimately, the additional costs associated with this risk premium are borne by consumers. MAPs are concerned that the roll-out of approximately 50 million smart meters³ between now and the end of 2019, will greatly increase MAPs potential loss of income if they are unable to track their assets effectively. Left unaddressed, this would lead to a corresponding increase in risk premiums and, accordingly, higher charges being fed through to consumers.

The modification proposal

E.ON UK raised UNC 422 in May 2012. UNC 422 aims to release the metering point data MAPs need to track their assets and invoice suppliers effectively, where they have been unable to obtain data from industry data flows.

Under the proposal, in order to gain access to these records, a MAP would be required to enter into a confidentiality agreement with the Transporters, and a contract with Xoserve for the provision of the service. Only MAP organisations registered within Supply Point Administration Agreement (SPAA) records (as MAPs) would be permitted to request the information.

UNC 422 would make a number of changes to the UNC:

- A definition of MAP, Meter Point Request Information and Meter Point Information would be added to the UNC.
- Section V of the UNC would be amended to require a MAP to enter into a confidentiality agreement with the Transporters on terms no less onerous than those of Section V5. However, it will include clauses detailing the data and permitted purpose, and clauses to include enforcement of the confidentiality agreement by a User under the Contracts (Rights of Third Parties) Act 1999.

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.

² This document is notice of the reasons for this decision as required by section 38A of the Gas Act 1986.

³ The roll-out of smart meters is being led by the Department of Energy and Climate Change (DECC).the Smart Metering Implementation Programme.

- In order to obtain the relevant information from the Transporter, the MAP would supply the Meter Point Registration Number (MPRN) in question along with the associated Meter Serial Number and Meter Model to the Transporter. This data would be validated against records held on UK Link systems, and the information would only be provided where the MPRN, Serial Number and Meter Model match the records held on UK Link systems.

The information consists of:

Asset data

- Meter Serial Number
- Meter Model
- MAM ID
- Meter installation date
- Meter removal date

Supply meter point data

- Meter point status
- Gas Transporter (GT) ID

Supply data

- Supplier ID and full name
- Confirmation effective date

The Xoserve contract would require the MAP to provide their complete portfolio of meters as this may change from time to time. When the MAP submits MPRN details to Xoserve (as the Gas Transporters' service provider) to request the information it seeks, in addition to relevant control checks (e.g. the existence of a signed confidentiality agreement), Xoserve would validate the submitted MPRNs against the MAP portfolio. Only where the MPRNs are on the MAP portfolio and the MPRN, meter serial number and meter model match the records held on the UK Link system, would the MAP be provided with the relevant information requested from the UK Link system. It is anticipated that both the terms of the confidentiality agreement and the terms of the contract with Xoserve will be in the public domain.

UNC Panel⁴ recommendation

At the UNC Panel (the Panel) meeting held on 21 February 2013, the Panel unanimously recommended the implementation of UNC422.

The Authority's decision

The Authority has considered its statutory duties and functions in reaching its decision. The Authority has considered the issues raised by the modification proposal and the Final Modification Report (FMR) dated 21 February 2013. 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 FMR⁵. The Authority has concluded that:

1. implementation of the modification proposal will better facilitate the achievement of the relevant objectives of the UNC⁶; and

⁴ The UNC Panel is established and constituted from time to time pursuant to and in accordance with the UNC Modification Rules.

⁵ UNC modification proposals, modification reports and representations can be viewed on the Joint Office of Gas Transporters website at www.gasgovernance.co.uk

⁶ As set out in Standard Special Condition A11(1) of the Gas Transporters Licence, see:

2. directing that the modification be made is consistent with the Authority's principal objective and statutory duties⁷.

Reasons for the Authority's decision

In reaching our decision, we have assessed the modification proposal against the UNC Relevant Objectives. We agree with the proposer that it would better facilitate relevant objective (d). We consider that the modification proposal has no impact or is neutral against the remaining objectives.

Relevant objective (d): the securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators

The proposed modification will allow MAPs the opportunity to identify and bill the relevant supplier for meter rent where existing data flows have not worked correctly. The proposal is therefore consistent with facilitating the achievement of effective competition between suppliers because it helps to ensure that MAP charges are allocated to the appropriate supplier, thereby supporting accurate cost allocations. The correct allocation of costs should also reduce the need for a risk premium to be applied to meter rents.

We do not consider that this modification is an enduring solution to the problems associated with existing data flows. Correcting the data flows in question, rather than obtaining a report in such circumstances, is likely to be a more efficient solution to this issue. In this respect, we acknowledge SPAA changes CP 12/210⁸ and CP 12/211⁹ which have the potential to reduce and perhaps eliminate problems associated with the existing data flows on a forward looking basis. However, not enough time has elapsed since these changes have taken effect to determine if this is the case and these reforms will not immediately correct existing data quality problems. Given the impending smart meter roll-out, it is important that MAPs are capable of billing the correct supplier in the immediate term as metering costs increase. However, industry should continue to assess the effectiveness of, and compliance with, existing industry data flows and, if appropriate, propose improvements until they operate effectively. Over time, this should render the report associated with UNC 422 no longer necessary.

Further issues

We note the concerns of one respondent that the wording of paragraph 5.16.4 could be taken to infer a legal relationship between shippers and MAPs. It felt that such a relationship could create legal risk for shippers, should MAPs misuse any data provided to them on the basis that they are agents for the shippers. Our view is that it is possible that the legal drafting could create an agency (or data processor to data controller) relationship between the shipper and meter asset provider, but that the risk of such an inference and loss arising from that inference is low. The scope of the provision is limited to specific circumstances, which both limits the likelihood of a formal agency relationship and means that actions from MAPs beyond the provisions ("misuse", particularly where in breach of law) are likely to be outside the scope of shippers' responsibility.

<http://epr.ofgem.gov.uk/Pages/EPRInformation.aspx?doc=http%3a%2f%2fepr.ofgem.gov.uk%2fEPRFiles%2fStandard+Special+Condition+PART+A+-+Consolidated+-+Current+Version.pdf>

⁷The 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.

⁸ "Mandate sending of MKPRT record containing the supplier in an ONUPD INSTL flow from MAM to MAP"

⁹ "Mandate sending of MKPRT record containing the supplier in ONUPD APPNT flow from MAM to MAP"

We note the concern of one respondent that the report proposed by UNC 422 may lead to MAPs directly contacting suppliers with queries and sending invoices. However, the report in question also provides the MAP with the identity of the supplier's appointed MAM, who MAPs currently interact with and invoice. It is therefore unclear why the MAP would contact the supplier, except where the appointed MAP has been incorrectly identified on UK Link systems. Provided the shipper maintains correct records on UK Link, we do not foresee this occurring.

We also note that in their Foundation Smart Market consultation¹⁰, the Department of Energy and Climate Change (DECC) proposed a "MAP identity provision" licence obligation on suppliers. We consider this modification proposal to be consistent with "MAP identity provision."

Decision notice

In accordance with Standard Special Condition A11 of the Gas Transporters Licence, the Authority hereby directs that modification proposal UNC 422: 'Creating the permission to release data to Meter Asset Provider organisations' be made.

Colin Sausman
Partner, Retail Markets and Research

Signed on behalf of the Authority and authorised for that purpose

¹⁰ DECC's 'Foundation Smart Market' consultation is available here:
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/66569/6860-foundation-smart-market-consultation-doc.pdf