

Stage 04: Final Modification Report

0455:

Updating of Meter Information by the Transporter

The purpose of this modification is to provide for the Transporter to update Meter Information on the Supply Point Register in circumstances where the Registered User has failed to do so.

At what stage is this document in the process?



The Panel recommends implementation



High Impact: None



Medium Impact: None



Low Impact: Transporters and Users

0455

Modification Report

17 April 2014

Version 2.0

Page 1 of 13

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Contents

1	Summary	3
2	Why Change?	4
3	Solution	4
4	Relevant Objectives	6
5	Implementation	7
6	Legal Text	7
7	Consultation Responses	8
8	Panel Discussions	13
9	Recommendation	13

About this document:

This Final Modification Report was presented to the Panel on 17 April 2014.

The Authority will consider the Panel's recommendation and decide whether or not this change should be made.



Any questions?

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0455
Modification Report
17 April 2014

Version 2.0

Page 2 of 13

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1 Summary

Is this a Self-Governance Modification?

The Modification Panel determined that this is a Self-Governance modification, as it is not expected to have a material impact on competition or consumers.

Why Change?

The Transporters' Agent presently spends significant time and resources in pursuing Users who have not updated relevant Meter Information on the Supply Point Register. The untimely updating of such data adversely impacts on the industry in a variety of respects and is inconsistent with an industry imperative of ensuring up to date and accurate data.

Solution

It is proposed that Transporters should have the ability to update Meter Information on the Supply Point Register where the Registered User or previous Registered User has failed or been unable to perform this. This will be subject to that User having had a reasonable opportunity to do so and if they determine this to be inappropriate, to advise the Transporter. It is also proposed that an appropriate charge be levied on the relevant User where an update occurs.

Relevant Objectives

Accuracy and timely updates in respect of Meter Information recorded on the Supply Point Register will potentially cause fewer billing related problems for User, Suppliers and consumers, particularly those who are changing supplier, thereby:

- d) Securing of effective competition:
 - (i) between relevant shippers;
 - (ii) between relevant suppliers

Implementation

As this is a self-governance modification, implementation could be sixteen business days after a Modification Panel decision to implement.

A high level cost estimate has been provided, which indicates that development costs are expected to be in the region of £100 to £300k.

2 Why Change?

The Transporters' Agent currently expends significant time and resources in communicating with Users who have not updated relevant Meter Information on the Supply Point Register. Accurate Meter Information leads to improved Meter Reading acceptance by the Transporter, which in turn enables improved Annual Quantity (AQ) calculations. A further consequence is timely and improved Individual Meter Point Reconciliation at Larger Supply Points. Failure to update such data promptly and accurately adversely impacts on the industry in a variety of respects.

Some Workgroup participants were concerned that the materiality of the impacts on Transporters have not been demonstrated to provide sufficient evidence that this issue needs to be addressed by the proposals in this modification.

3 Solution

TPD Section M of the UNC states the following:

3.2.15 Where at any time in respect of any Supply Meter Point the Transporter becomes aware that the Meter Information held in the Supply Point Register is incorrect (other than where the Transporter has received this information from the Registered User) within 6 Business Days of the Day upon which it becomes aware of this, the Transporter will so notify the Registered User and provide all relevant details and the Registered User will as soon as reasonably practicable review such details, and where necessary update the Meter Information and submit to the Transporter a Meter Information Notification or a Meter Information Update Notification containing such update in respect of such Supply Meter Point.

It is proposed that the UNC be amended to enable the updating of Meter Information (commonly termed meter asset data) on the Supply Point Register by the Transporter in the following circumstances:

1. Where the Transporter becomes aware that Meter Information held in the Supply Point Register is incorrect it will notify the Registered User or previous Registered User (being the User previously registered to the relevant Supply Point where the same Supply Meter as that previously notified as being removed is found to be capable of flowing gas)
2. Where the Transporter has provided the Registered User with a notification of incorrect or absent Meter Information, to require the Registered User to review this and update the Meter Information within 40 Business Days of such notification or provide the Transporter with an explanation of why it would be inappropriate to do so
3. The Registered User may at its discretion and by exception advise the Transporter that additional time not exceeding 20 Business Days is required to review the Meter Information.
4. Where the Registered User has not complied with (2) and, where applicable, (3) the Transporter will at its sole discretion update the Meter Information and notify the Registered User of this action
5. Where the Transporter has undertaken the action identified in (4), this will be deemed to be an update by the Registered User who will then be liable for a User Pays charge to be detailed in the Agency Charging Statement
6. Where the UNC identifies that the previous Registered User has a residual responsibility for the Supply Point then (2), (3), (4) and (5) applies (to the extent that the previous Registered User is deemed to be the Registered User). For the avoidance of doubt this excludes the Previous Registered User as defined in TPD M3.2.20(h)
7. In circumstances where no Registered User is present or has residual responsibility in accordance with (6), the Transporter may elect at its discretion to update the Meter Information

8. The Transporter will undertake the activity in (1) regardless of whether the source of the Meter Information inaccuracy was the Registered User or previous Registered User

User Pays
Classification of the modification as User Pays, or not, and the justification for such classification.
User Pays arrangements will apply, as the proposed changes require amendments to central systems.
Identification of Users of the service, the proposed split of the recovery between Gas Transporters and Users for User Pays costs and the justification for such view.
100% to Users as Transporters gain no benefit from the proposed changes.
Proposed charge(s) for application of User Pays charges to Shippers.
Development costs are expected to be in the region of £100 to £300k. It is proposed that these are recovered in two stages using two mechanisms over a period of approximately two years from the date of implementation. First, in order to minimise the level of costs divided between all Users, it is proposed that a low value be added to the “meter asset update” service charge. This mechanism has the advantage of collecting the development costs from Users over a period of time and targets those Users making use of the service. The levy would apply for the first two years of operation. Secondly, any residual development costs, that is any development costs not cleared by the levy, would be divided between Users based on their market share as determined by their Supply Meter Point count as a proportion of the total Supply Meter Point count, excluding Unique Sites, as at the date of the second anniversary of the implementation of this Modification Proposal.
Proposed charge for inclusion in the Agency Charging Statement (ACS) – to be completed upon receipt of a cost estimate from Xoserve.
An ACS has been provided.

4 Relevant Objectives

Impact of the modification on the Relevant Objectives:	
Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	None
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.	None
c) Efficient discharge of the licensee's obligations.	None
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.	Positive
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.	None
f) Promotion of efficiency in the implementation and administration of the Code.	None
g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	None

The updating of Meter Information on the Supply Point Register is critical to the efficient operation of those provisions of the UNC concerned with NDM Allocation, Annual Quantity calculation, Individual Meter Point Reconciliation and Transportation Billing. The objective of the changes identified within this modification is to provide a mechanism that where the relevant Registered User has failed or been unable to provide a timely update of Meter Information to the Transporter (in circumstances where the Transporter has identified and notified such changes to the User), the Transporter will update such data on behalf of the User. The Transporter may also update data at its discretion where no Registered User is present. Accuracy and timely updates in respect of Meter Information recorded on the Supply Point Register will potentially cause fewer billing related problems for User, Suppliers and consumers, particularly those who are changing supplier, thereby:

- d) Securing of effective competition:
 - (i) between relevant shippers;
 - (ii) between relevant suppliers

5 Implementation

As self-governance procedures are proposed, implementation could be sixteen business days after a Modification Panel decision to implement.

Xoserve has provided a high level cost estimate, which indicates that development costs are expected to be in the region of £100 to £300k. However, it is proposed to recover the development and operation costs as a transactional cost of between £60 and £80 per meter information update. The transactional costs would be reviewed once the development costs have been recovered; this should occur within 2 years of implementation.

6 Legal Text

Text

The following Text has been prepared by National Grid Distribution, at the request from Panel, and no issues were raised by the Workgroup regarding its content.

Transportation Principal Document

Section M

Amend paragraph 3.2.15 to read as follows:

3.2.15 Where at any time in respect of any Supply Meter Point the Transporter becomes aware that the Meter Information held in the Supply Point Register is incorrect ~~(other than where the Transporter has received this information from the Registered User)~~ within 6 Business Days of the Day upon which it becomes aware of this, the Transporter will so notify the Registered User or the Relevant Registered User (as the case may be) and provide all relevant details and the Registered User or the Relevant Registered User (as the case may be) will as soon as reasonably practicable review such details, and where necessary update the Meter Information and submit to the Transporter a Meter Information Notification or a Meter Information Update Notification containing such update in respect of such Supply Meter Point. In the event that:

(a) the Registered User or the Relevant Registered User (as the case may be) fails within 40 Business Days following the Transporter's notification in accordance with this paragraph 3.2.15 (or within 60 Business Days following the Transporter's notification in accordance with this paragraph 3.2.15 where the Registered User or the Relevant Registered User (as the case may be) notifies the Transporter that further time is required to review the information provided by the Transporter) to either update the Meter Information or inform the Transporter why the Registered User or the Relevant Registered User (as the case may be) believes that it would be inappropriate to update the Meter Information:

(i) the Transporter may in its sole discretion proceed to update the Meter Information and shall notify the Registered User or the Relevant Registered User (as the case may be) accordingly;

(ii) such update of the Meter Information pursuant to paragraph 3.2.15(a)(i) shall be deemed to be an update by the Registered User or the Relevant Registered User (as the case may be); and

(iii) the Registered User or the Relevant Registered User (as the case may be) shall be liable for a User Pays Charge as a result of the updated Meter Information;

(b) there is no Registered User or Relevant Registered User (as the case may be) in respect of the Supply Meter Point, the Transporter may in its sole discretion update the Meter Information.

0455
Modification Report

17 April 2014

Version 2.0

Page 7 of 13

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7 Consultation Responses

Representations are published alongside the Final Modification Report.

Of the thirteen representations received, four supported implementation, one offered qualified support and eight were not in support.

Representations were received from the following parties:

Organisation	Response	Relevant Objectives	Key Points
British Gas	Qualified Support – see <i>Additional Issues</i> (below)	d) Positive impact	<p>Could have a material impact on Users.</p> <p>Supports the User Pays cost recovery approach.</p> <p>Providing the communication method is clearly communicated to Shippers then can support a 60 day implementation timescale.</p>
DONG Energy	Oppose	d) May have a negative impact	<p>Does not believe that this modification should be self-governance as it will have a material impact on Shippers/Suppliers.</p> <p>Supports intention of modification but believes that responsibility for maintaining accuracy and updating meter information should remain with the Meter Asset Manager and the incumbent Supplier.</p>
E.ON	Oppose	d) Negative impact	<p>Does not believe that this modification should be self-governance.</p> <p>Supports intention of modification but believes RGMA arrangements set out how metering information was to be exchanged along the supply chain and updated to the GT. Those arrangements are underpinned by commercial contracts between the Supplier and their metering providers and the GT is not party to those contracts. The proposal presumes that the GT is the authority of “correct” information, but that is not always the case, as the GT’s agent may have attended the wrong meter, have misunderstood the meter location and/or picked up incorrect data themselves, particularly when there is more than one meter at a site.</p> <p>Recommends that options be investigated in SPAA where the governance of metering updates by suppliers resides, before giving the authority to the GT to change information that is the subject of commercial arrangements between other non UNC parties. Other initiatives are currently underway that could drive improvements in this area (Performance Assurance and/or Data Quality initiatives being initiated by Xoserve in preparation for Project Nexus implementation). These should be explored before unilaterally permitting the GT to change supplier’s critical information.</p>

EDF Energy	Oppose	d) May have a negative impact	<p>Does not believe that this modification should be self-governance because of the costs and risks it will add to Supplier's systems and processes.</p> <p>Cannot support Transporters updating Supply Point meter data that they are not responsible for. There is no guarantee that data errors will not continue to exist. This could lead to Shippers incurring costs that they cannot recover and could impact their contracts with third parties (MAMs). Any incorrect data inserted will mean further meter updates fail to process and get rejected by Xoserve impacting EDF's smart roll out. Also this goes against the "supplier hub" principle that incentivises Suppliers to improve their metering data accuracy which Ofgem and DECC have supported as part of the Smart metering programme.</p> <p>It is not clear how material the problem is, yet the costs stated could be as high as £300k, which, together with the Supplier implementation costs, could be higher than this. It may involve changes to Supplier's systems and processes, on top of the £100k - £300k already identified. EDF believe that these costs and system changes could be avoided if the systems are updated to ensure that the benefits and opportunities of the Smart metering roll out are realised.</p>
Gazprom	Oppose	d) Negative impact	<p><i>(No comment made regarding self-governance status.)</i></p> <p>The provision and responsibility for Meter Information does not rest with the Transporter, Shipper or Supplier but following meter unbundling is the responsibility of the relevant Meter Asset Manager and accordingly any changes to Meter Information should flow through the appropriate contractual route.</p> <p>The ability for the Transporter to be able to unilaterally change data is not consistent with the unbundled metering market and the commercial relationship in place between the relevant Meter Asset Manager and the relevant Supplier.</p> <p>Should Meter Information be changed unilaterally the Transporter is neutral to the impact should the update subsequently be found to be erroneous.</p>
National Grid Distribution	Support	d) Positive impact	<p>Agreed with self-governance status.</p> <p>A proactive measure to facilitate and maintain timely and accurate Meter Information recorded on the Supply Point Register. Poor quality 'meter asset' data has a significant and detrimental financial impact on Shippers. The absence of good quality data results in deterioration in the timely calculation of transportation and energy invoices leading to inaccuracies being borne financially by the shipping community through the Reconciliation by Difference (RbD) and Allocation of Unidentified Gas (AUGE) mechanisms.</p> <p>Anticipates that updating of meter asset data by the Transporters should be undertaken by exception and should not be routine, to provide a remedy where the User does not take appropriate and timely action.</p>

Northern Gas Networks	Support	d) Positive impact	<p>Agreed with self-governance status.</p> <p>Allowing Transporters to update the Meter Information on a Supply Point where the Registered User or previously Registered User has failed to do so will ensure that the Supply Point Register is maintained to the highest possible accuracy. The levy of a small charge whenever an update occurs in this manner will incentivise Users to ensure that the information is maintained appropriately.</p>
RWE Npower	Oppose	d) Negative impact	<p>Does not believe that this modification should be self-governance.</p> <p>The responsibility for meter information does not rest with the Gas Transporter, Gas Shipper or Supplier. It is the responsibility of the relevant Meter Asset Manager governed by the commercial contracts that a Shipper/Supplier has in place.</p> <p>Any change to this data will not impact Transporters but may have significant impact on Shippers, Suppliers and the consumer.</p>
Scotia Gas Networks	Support	d) Positive impact	<p>Agreed with self-governance status.</p> <p>The modification will provide the industry with a valuable mechanism for updating the Supply Point Register in circumstances where the Registered User has failed to do so. Introducing a mechanism that allows Distribution Networks to update the Supply Point Register where there is no Registered User for a site will potentially give the industry visibility of meter assets on Unregistered Sites.</p>
SSE	Oppose	d) Likely to have a negative impact on this	<p>Does not agree that this should be a self-governance modification, as it will have a material impact on Users and third parties.</p> <p>Undermines the fundamental principle that Users should be responsible for the data held by the Transporters' Agent on the Supply Point Register, whether directly populated by the User or via updates made by agents with whom they have commercial arrangements in place. The data should not be allowed to be amended by Transporters on whom there is no commercial impact if the data is updated incorrectly. Users incur the costs that result from data held on the Supply Point Register including transportation charges and gas allocation costs.</p> <p>SSE believe that any errors identified by Transporters could be reported via the Performance Assurance regime that is currently being developed.</p>
Wales & West Utilities	Support	d) Positive impact	<p>Agreed with self-governance status.</p>

Winchester Gas	Oppose	No view expressed	Does not agree this is a self-governance modification. Does not agree with Transporters updating asset information for which they are not responsible. Believes the proposed transactional costs are high for updating asset details.
Wingas	Oppose	d) May have a negative impact	(No comment made regarding self-governance status.) Supports intention to improve industry data, but also perceives additional risks. Believes unacceptable that a Transporter can change asset data as it sits outside the MAM/Supplier arrangement and will suffer the same negative impacts to its business if it incorrectly changes asset details. If Asset details were to be updated incorrectly it would expose Suppliers to inaccurate charges through no fault of their own while the Transporter who made the change has no commercial or economic incentive for accuracy. Any erroneous change would negatively impact customer billing and therefore a Shipper's reputation.

Views on self-governance status and any potential change to implementation date

As part of the consultation process the Panel sought views on the Workgroup's recommendation that the self-governance status should be reviewed.

Three parties did not comment on self-governance status.

Four parties supported the Modification Panel's initial decision to apply self-governance to this modification.

Six parties did not agree that this modification should be self-governance, believing it to have a material impact on Shippers/Suppliers.

A number of parties were of the view that if self-governance status were to be withdrawn, and assuming the modification to be implemented, then a new implementation timeline would need to be agreed that provided a lead time of at least 6 months.

E.ON suggested implementation should be no earlier than Project Nexus implementation given the system changes that would need to be delivered.

Summary Comments

No new issues were identified.

Additional Issues Identified in Responses

Some parties noted additional risks.

Provision of Wrong Asset Information to a User

British Gas noted that this modification risks applying the wrong asset information to a User. This could lead to a dilution of data quality and incorrect charging. This risk can be mitigated, providing a robust communication method is developed to ensure Shippers receive adequate notifications and that errors made can be corrected quickly and without detriment to Shippers.

Current notifications from the Transporter are routinely issued through the Contact Management System (CMS). Unlike its predecessor, Conquest, CMS often only allows single notifications to flow through to individual users in Supplier/Shipper organisations. This makes analysis and bulk correction of data impossible and progress extremely difficult to track, which risks flows being missed.

Therefore the communications method as part of this modification needs to be developed for British Gas to fully support this change.

Commercial and Financial Risk

Winchester Gas commented that, given that asset details could be updated by a party who is not responsible for updating the details and this could have a commercial impact, along with the transactional costs. There is also a possible impact on a consumer's billing if the Transporter incorrectly updates the assets, i.e. the meter is updated to imperial but should be metric.

Potential undermining of Supplier Hub Principle

EDF observed that this proposal would undermine the Supplier Hub principle that puts Suppliers in charge of key investment decisions to improve metering and accuracy of data especially with smart meters in mind. This was not discussed as part of this Modification Report but EDF believes that this is a key consideration given Ofgem's and DECC's push to promote the Supplier Hub principle as a way of incentivising the reduction of costs to consumers.

The rollout of smart meters to domestic customers represents a significant opportunity to improve the data that is held on Xoserve's systems as Suppliers are required to visit and install smart meters in the majority of domestic homes. This therefore represents a 5 year window during which accurate meter data can be updated and recorded on Xoserve's systems. However, EDF Energy is concerned that the current arrangements could prevent this opportunity from being realised, as Xoserve are able to reject a meter update because the historical information is inaccurate. This means that an accurate update of metering details is prevented. EDF is concerned that this modification does not resolve this issue or ensure that this 'once in a lifetime' opportunity is realised. EDF is also concerned that this modification could potentially make this issue worse if the updated transformation is incorrect with no consequence to the Transporter or Xoserve.

Supplier ability to reject new data flows

EDF commented that should this modification be implemented it would expect Suppliers to have the ability to reject the new data flows where they believe the data file is worse than that on record.

Data Quality Issues – alternative means to address

Data quality is an important industry issue with a number of initiatives underway. A number of respondents suggested that SPAA and/or the Performance Assurance Workgroup should address any perceived issues and develop appropriate arrangements.

8 Panel Discussions

The Panel Chair summarised that Modification 0455 would entitle Transporters to update meter information on the Supply Point Register where the Registered User or previous Registered User has failed or been unable to perform an update. This will be subject to the User having had a reasonable opportunity to provide an update and the opportunity to advise the Transporter if an update is inappropriate. Where an update has been performed by the Transporter an appropriate charge will be levied on the relevant User.

Members considered the representations made noting that, of the thirteen representations received, four supported implementation, one offered qualified support and eight were opposed. Members also considered views on the self-governance status. Of the thirteen representations received, three did not comment, four supported self-governance and six did not agree that this modification should be self-governance, believing it to have a material impact on Shippers/Suppliers.

Members agreed that this is not a Self-Governance modification, as the modification will provide a reasonable opportunity for a User to update or advise the Transporters where an update is inappropriate and should therefore have a material impact on competition, Shippers/Suppliers or consumers.

Views were polarised between groups. Some members agreed that the updating of meter information on the Supply Point Register by Transporters would have positive impacts to relevant objective (d). The modification will potentially cause fewer billing related problems for Users, Suppliers and consumers, particularly those who are changing supplier, but might introduce further data and commercial issues. Other members disagreed, believing that this modification impacts existing commercial arrangements and that Transporters are not necessarily right. Members believed that Ofgem would need to take full account of the detailed representations made.

Members voted and, with 6 votes in favour (out of a possible 11), recommended implementation of Modification 0455.

9 Recommendation

Panel Recommendation

Having considered the Modification Report, the Panel recommends:

- The self-governance status should be withdrawn
- that proposed Modification 0455 should be made.