

Modification proposal:	Uniform Network Code (UNC) 455: Updating of Meter Information by the Transporter (UNC455)		
Decision:	The Authority ¹ directs that UNC455 be made ²		
Target audience:	The Joint Office, Parties to the UNC and other interested parties		
Date of publication:	23 May 2014	Implementation Date:	To be confirmed by the Joint Office

Background to the modification proposal

Key industry processes such as customer billing and energy settlements require accurate metering data to be held for each supply point. Following the unbundling of metering from transportation activities, the responsibility for maintaining the accuracy of Metering information on the Supply Point Register rests with the relevant shipper, which will generally rely upon its appointed Meter Asset Manager (MAM) to provide.

Where a gas transporter (GT) becomes aware of erroneous meter data, for instance following the completion of a site visit, it will inform the registered shipper and provide it with all relevant details. The shipper is then required to review the information and update the meter data as appropriate. However, the GTs consider that on many occasions these notifications are not actioned. These can result in discrepancies remaining unresolved and potentially prevent subsequent processes, such as the recording of a meter read, to fail.

The modification proposal

UNC455 seeks to provide a back-stop means of resolving identified data discrepancies. It would provide a defined timescale of 40 Business Days from the notification for shippers to update the relevant data, or to provide the GT with a reason why it is inappropriate to do so. This period may be extended by a further 20 Business days if the shipper advises the GT that it needs longer to review the information.

If the shipper fails to update the Meter Information within the prescribed periods, or provide the GT with reasons why it is inappropriate to do so, the GT will have discretion to update it. In this situation, the GT will notify the shipper of the update and the shipper will be liable for a User Pays charge to cover the costs of this action.

In the event that no shipper is found to have responsibility for the supply point, the GT may at its discretion update the Meter Information.

UNC Panel³ recommendation

At its meeting of 17 April 2014 the UNC Panel voted by a majority to recommend the implementation of UNC455.

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

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 17 April 2014. The Authority has considered and taken into account the responses to the Joint Office's consultation on the modification proposals which are attached to the FMR⁴. The Authority has concluded that:

1. Implementation of UNC455 will better facilitate the achievement of the relevant objectives of the UNC⁵; and
2. Directing that the UNC455 be made is consistent with the Authority's principal objective and statutory duties⁶.

Reasons for the Authority's decision

We agree with the proposer and the UNC Panel that UNC455 should be assessed against relevant objective d). We consider that UNC455 would have a neutral or no impact against the other objectives.

Relevant objective (d): the securing of effective competition between relevant shippers

All but one of the respondents considered that UNC455 would have an impact upon effective competition, though views were polarised on whether this would be a positive or negative impact. Of the thirteen representations received, four fully supported the implementation of UNC455 while another offered qualified support.

Those in support of UNC455 generally echoed the points made in the draft modification report, noting that poor quality data can impact upon the accuracy of energy and transportation billing and therefore have a significant financial impact upon shippers. One noted that this process set out in UNC455 should be the exception and not routine.

Whilst some of the remaining eight respondents supported the intention of the proposals, they generally felt that it was inappropriate for the GT to be amending data which did not relate to a transportation activity and for which they are not responsible. Some considered that this data should only originate from the MAM, in accordance with established commercial relationships. They suggested that UNC455 would be contrary to the supplier hub-principle and/or the commercial arrangements that underpin the competitive metering market. It was also noted that if asset details were to be updated incorrectly it would expose shippers to inaccurate charges through no fault of their own while the GT who made the change has no commercial or economic incentive for accuracy.

Data quality was identified as a key issue by industry stakeholders as part of our Change of Supplier project⁷. They told us that poor data quality increases cost and complexity

⁴ UNC modification proposals, modification reports and representations can be viewed on the Joint Office of Gas Transporters website at www.gasgovernance.com

⁵ As set out in Standard Special Condition A11(1) of the Gas Transporters Licence, see: <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>

⁶ 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.

⁷ See supporting paper <https://www.ofgem.gov.uk/ofgem-publications/82641/20130819cosoptionsanalysis-dataquality.pdf> and minutes (section 6) <https://www.ofgem.gov.uk/ofgem-publications/82301/coseqmeeting4minutes.pdf>

and impacts on consumers' experience in the market. For instance, where this is not available to the new supplier and its agents on change of supplier, this can lead to delayed or inaccurate customer bills. It can also lead to inaccuracy in the allocation of charges between market participants. Suppliers have told us that inheriting poor quality metering data on change of supplier can add considerable time, effort and cost to the switching process and leads to a poor experience for the customer whilst these issues are resolved.

We therefore welcome initiatives including those recently undertaken by the GTs to address data quality. We consider that UNC455 is complementary, rather than an alternative, to existing measures and agree with the respondent which said that this process should be the exception rather than the norm. In particular, we note that there is no intention for the GTs to proactively seek out missing Meter Information or discrepancies, but to resolve them when they come to light following normal GT activity, such as the completion of a must-read or gas safety visit.

We agree with those respondents who suggested that the responsibility for the Meter Information upon the Supply Point Register must rest clearly with the shipper. However, we do not necessarily agree that the implementation of UNC455 would dilute this principle. In particular, the shipper's view will always prevail where there are conflicting sets of data. The GT has no discretion to overrule the shipper, simply to proceed with an update where the shipper has failed to respond either with an update themselves, or to confirm that it would be inappropriate to do so. To the extent that the GT notifications will be prompted by a physical visit to the supply points in furtherance to an existing GT activity, we consider that it would be wasted opportunity not to make full use of any information obtained from that visit.

Communications

The respondent which qualified its support did so on the basis of concerns with the communications method that would be used. They noted that the current notifications from the GTs are routinely issued through the Contract Management System and that this often only allows single notifications to flow through to individuals in shipper organisations. They suggested that this creates difficulties for the bulk analysis, tracking and correction of data. We agree that the communications method for UNC455 needs to be fit for purpose, with specific regard to the volumes of notifications that may be issued to shippers and the potential exposure to User Pays charges if they are not responded to within the defined timescales. However, the method by which the notification is communicated to shippers does not form part of the modification proposal itself. Therefore, whilst we have sympathy with these concerns, we consider that this is an implementation issue that should be resolved subsequent to this decision.

Performance assurance

One respondent suggested that any errors identified by GTs could be reported via the performance assurance regime that is currently being developed. We agree that this may be the case in due course, but note that the performance assurance regime is still in the relatively early stages of development and that its introduction is intended to coincide with the Go-Live of Project Nexus. We would expect that UNC455 and other existing measures to ensure data quality would be assessed for suitability to transition to, or be replaced by, any new performance assurance regime.

Implementation date

No implementation date has been specified for UNC455, though the FMR suggests that this could be immediately upon implementation⁸. However, the High Level Cost estimate provided by Xoserve⁹ suggests a period of 3 to 6 months may be required. Several respondents also felt that a lead time of 6 months may be required, though one suggested that the implementation should be no earlier than Project Nexus, given the systems changes that would be involved.

We are aware that there is a significant amount of industry change currently underway and that this is placing pressure on associated systems delivery. Whilst we note that one respondent would prefer for UNC455 to await Project Nexus implementation, we consider that improving data quality is a fundamental requirement in securing the benefits of that project. Interested parties have commented elsewhere that it would be perverse to undertake a project of that scale, only to populate it with knowingly sub-standard data. We therefore consider that UNC455 may make a useful contribution to cleansing Meter Information ahead of the Project Nexus Go-Live. We also note that UNC455 builds upon an existing process, essentially ensuring that the notifications that already take place are actioned. We therefore consider that it would be appropriate for the UK Link committee, acting in accordance with its own procedures and with regard to the part UNC455 may have in facilitating Project Nexus, to determine the earliest practicable implementation date.

Conclusion

Whilst we do not consider that UNC455 will wholly resolve the issues with metering data quality, it may make a useful contribution and at a marginal cost. We consider that the GT will necessarily have a strong degree of certainty, as informed by a recent site visit undertaken by a competent operator, before issuing a notification. Whilst there should be no presumption that the data previously recorded has been entered in error, the fact that the GT information will typically be more recent suggests that it will be of value. However, the shipper will retain absolute discretion not to accept that information if it does not agree that it is correct.

The default position contained within UNC455 together with the associated User Pays charge, should provide an adequate incentive for the shipper to actively investigate whether the suggested data should be accepted and to respond to the GT notification (either way), in order to avoid the charge.

Decision notice

In accordance with Standard Special Condition A11 of the Gas Transporters Licence, the Authority hereby directs that modification proposal UNC455: '*Updating of Meter Information by the Transporter*' be made.

Rob Church

Associate Partner, Smart Metering and Smarter Markets

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

⁸ UNC455 was originally classified as a self-governance modification. The FMR suggests that it could be implemented following the closure of the appeal window, 16 days from a UNC Panel decision to accept it.

⁹ See: www.gasgovernance.co.uk/sites/default/files/Mod455%20HLC%20Template%20V3%202013-11-27.pdf