

## Stage 02: Workgroup Report

# 0486:

## Use of the Pre-Payment Profile For IGTs

At what stage is this document in the process?



Allow Pre-Payment and & Smart Pre-Pay Supplies on the IGT networks to be reconciled on a Pre-Payment Profile.



The Workgroup recommends that this modification should now proceed to consultation.



High Impact:  
SSP Shippers



Medium Impact:  
Xoserve



Low Impact:  
LSP Shippers

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## About this document:

This report will be presented to the panel on 17 July 2014.

The panel will consider whether the modification should proceed to consultation or be returned to the workgroup for further assessment.

	
<b>Any questions?</b>	3
Contact: <b>Code Administrator</b>	3
 <b>enquiries@gasgo vernance.co.uk</b>	4 5
 <b>0121 288 2107</b>	6 6
Proposer: <b>Huw Comerford</b>	7
 <b>huwcomerford@utilita. co.uk</b>	
 <b>telephone</b> <b>01962 891 150</b>	
Transporter: <b>National Grid Distribution</b>	
Systems Provider: <b>Xoserve</b>	
 <b><u>commercial.enquiries</u> <u>@xoserve.com</u></b>	
Systems Provider: <b>Xoserve</b>	
 <b><u>commercial.enquiries</u> <u>@xoserve.com</u></b>	

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## 1 Summary

### Is this a Self-Governance Modification?

The Modification Panel determined that this is not a self-governance modification as this would oblige the Transporters Agency to apply the pre-payment profile for Modification 0451AV to the iGT supplies and this will result in credit/debit invoice being issued to iGT shippers.

### Why Change?

Should iGT Modification 054 be approved then the IGT's would be obligated to send to the large Transporters Agency a monthly list of supply points within their networks that have a pre-pay or smart pre-pay meter installed. However, currently there is no obligation on large Transporters to do anything with this data. This modification places a requirement on large Transporters apply the same profiles as those implemented under Modification 0451AV.

### Solution

The intent of this modification is to oblige large Transporters to apply the pre-payment profile under Modification 0451AV to the sites on the monthly IGT report of pre-pay and smart pre-pay meters on their networks and make the relevant adjustment to commodity/energy delivered to the CSEP.

### Relevant Objectives

#### d) Securing of effective competition

Applying the Modification 0451AV profile to the pre-pay meters on the IGT networks would result in a more accurate allocation of costs within this area and further effective competition between Shippers.

### Implementation

No implementation timescales are proposed, however, if approved this modification would need to be implemented either prior to or at the same time as iGT Modification 054 so that it would be able to operate.

This is a User Pays Modification with developments costs in the region of £20k to £100K and on going costs in the region of £2.5k per month.

## 2 Why Change?

Should IGT Modification 054 be implemented, the pre-payment and smart meters in pre-pay mode on the IGT networks will be subject to the same pre-payment profile as those on the large Transporters Networks under Modification 0451AV. IGT's would be obligated to send to the large Transporters Agency, a monthly list of supply points within their networks that have pre-pay or smart pre-pay meter installed. However currently there is no obligation on large Transporters to do anything with this data.

This modification is being raised to enable the large Transporters to receive the reports from the IGTs of the pre-payment and smart meters in pre-pay mode on their networks, apply the Modification 0451AV pre-payment profile and make the relevant adjustment.

## 3 Solution

The intent of this modification is to obligate the Transporters to apply the pre-payment profile implemented under Modification 0451AV to the sites on the monthly IGT report of pre-pay and smart pre-pay meters on their networks. This report will be sent to the Transporters on a monthly basis and using this report the Transporters will then apply the prepayment profile to these sites and make the relevant adjustment to commodity/energy delivered to the CSEP.

Business Rules:

1. Between the 22<sup>nd</sup> and 28<sup>th</sup> days of each month the Transporters will receive from each IGT a single report listing the supply points on their networks where pre-payment meters or smart meters operating in pre-payment mode are installed.
2. Using this report the in 1, the Transporters will calculate the reconciliation amount using the Modification 0451AV pre-payment profile and produce the appropriate credit/debit invoice as per Modification 0451AV applied against the CSEP.
3. If a report is not received from an IGT or received after the 27<sup>th</sup> day of the month then the Transporters will use the IGT report from the previous month.
4. If the AQ from report in 1 exceeds the prevailing LMN AQ then the Transporter will reject the report and the last valid report as in 3 will apply.

### User Pays

Classification of the modification as User Pays, or not, and the justification for such classification.

This proposal is a User Pays Modification. The proposal requires creation of a new User Pays Service.

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.

Development costs - 100% costs to Users  
Ongoing costs - 100% costs to Users

Proposed charge(s) for application of User Pays charges to Shippers.

Development costs - All Shippers based upon their SSP market share (on the iGT Networks) at the UNC Modification 0486 Implementation Date.  
Ongoing costs - A transactional basis is proposed for ongoing costs. Charges will be levied to Users based on the number of Supply Meter Points against which an adjustment is raised.

Proposed charge for inclusion in the Agency Charging Statement (ACS) – to be completed upon receipt of a cost estimate from Xoserve.

Development costs in the range of £20k to £100k.  
Ongoing costs - expected to be approximately £2.5k per month.

## 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

### d) Securing of effective competition

Applying the Modification 0451AV profile to the pre-pay meters located on IGT networks would result in a more accurate allocation of costs by better recognising the true usage pattern of Pre Payment Meters over the year and would therefore further effective competition between Shippers.

## 5 Implementation

No implementation timescales are proposed, however, if approved this modification would need to be implemented either prior to or at the same time as iGT Modification 054 so that it would be able to operate.

## 6 Legal Text

### Text

The following Text has been prepared by National Grid Distribution. The Workgroup noted that a number of formatting and style amendments were required for the text and that these would be corrected prior to the modification being issued to consultation.

#### UNC General Terms – Section B

The following shall be added as a new clause 1.4.2

“**IGT Code**” means the network code prepared by an Independent Gas Transporter pursuant to Condition 9 of its Transporter's Licence, and references to an IGT Code include such IGT Code as given contractual effect by an IGT Framework Agreement.”

The following shall be added as a new clause 2.1.4:

“For the purposes of the Code:

- (a) an “**Independent Gas Transporter**” means a person which is, and in its capacity as, the owner or operator of an IGT System and licensee under a gas transporter's licence authorising the conveyance of gas through such IGT System; and
- (b) a reference to an Independent Gas Transporter in the context of an IGT System or Connected System Exit Point is to the Independent Gas Transporter which owns or operates that IGT System or (as the case may be) an IGT System connected to a DN Operator’s System at that Connected System Exit Point.”

#### UNC TPD – Section E

Add new sub-paragraphs 6.9.1(e) and 6.9.1(f):

- “(e) PPM Report has the meaning given in paragraph D6.6 of the IGT Code.
- (f) Logical Meter has the meaning given in Part 2 paragraph 1.3 of the LDZ CSEP NExA: Annex A”

Amend paragraph 6.9.2(b) as follows:

- “(b) the notice submitted by a User or an Independent Gas Transporter in accordance with paragraph 6.9.4 in respect of the Reconciliation Billing Period.”

Amend paragraph 6.9.4 as follows:

“6.9.4

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A User shall between the date following the date on which the Transporter prepares the report under paragraph 6.9.3 and the 28th day of the calendar month (or where such day is not a Business Day the next following Business Day) submit a notice to the Transporter specifying for each LDZ the Supply Meter Point Reference Number for each Supply Meter Point comprised in a Smaller Supply Point of which it is the Registered User, at which the User, acting reasonably, believes there to be installed a relevant Smart Meter. Pursuant to paragraph D6.6 of the IGT Code an Independent Gas Transporter shall between the 22nd and the 28th Day of each month submit a PPM Report to the Transporter."

Amend paragraph 6.9.7 as follows:

"6.9.7 In the event that:

- (a) ~~In the event~~ a User fails to submit a notice in accordance with paragraph 6.9.4(a) the last such notice submitted by the User in respect of the LDZ shall be used to determine which Smaller Supply Points are Eligible SSPs.
- (b) ~~In the event~~ an Independent Gas Transporter fails to submit a notice in accordance with paragraph D6.6 of the IGT Code the last such notice submitted by the Independent Gas Transporter in respect of the IGT System shall be used to determine which Smaller Supply Points are Eligible SSPs.
- (c) the Annual Quantity in respect of a Logical Meter number detailed in a notice submitted in accordance with paragraph D6.6 of the IGT Code exceeds the prevailing Annual Quantity in respect of such Logical Meter number the notice shall be rejected and sub-paragraph 6.9.7(b) above shall apply.

## 7 Recommendation

The Workgroup invites the Panel to:

- AGREE that this modification should be submitted for consultation.