

OFGEM DECISION LETTER No. 0663

"Introduction of provisions to permit a User to change the supplier identity at a Supply Point without submitting a Confirmation and the removal of the associated requirement to procure an Opening Meter Reading."

Version 1.0

To: Shippers, Transco and Other
Interested Parties

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Our Ref: Net/Cod/Mod/0663
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20 April 2004

Dear Colleague,

Modification Proposal 663: 'Introduction of provisions to permit a User to change the supplier identity at a Supply Point without submitting a Confirmation and the removal of the associated requirement to procure an Opening Meter Reading'

Ofgem has carefully considered the issues raised in modification proposal 0663 and has decided to direct Transco to implement the modification. This letter sets out, amongst other things, the reasons for this decision.

Background to the proposal

NGT's supply point billing workstream recently discussed the management of shipper portfolios. Shippers raised a number of impediments deterring them from amending the set up of their supply point portfolios. In particular, the requirement to provide opening reads in the event that the shipper ID remains the same, the associated costs of administration and the time it currently takes to enact portfolio changes.

Currently the network code requires in all circumstances where a shipper wishes to record a change to the relevant supplier of a supply point, that the shipper must enact such change by submitting a confirmation (where relevant a nomination must precede the confirmation). Also, if the supply point consists of one or more non daily read meter points an opening read is required.

The modification proposal

NGT raised modification 0663 which proposes to:

- Remove the need for shippers to procure an Opening Meter Reading (OMR) where a change is made to the supplier identity recorded on NGT's supply point register but no change is made to the shipper ID and/or the Supply Point Configuration;
- make optional the existing mandatory requirement to change the identity of the supplier recorded on NGT's systems by confirmation where the ID of the shipper does not change;
- introduce new provisions to allow the supplier ID to be change in such circumstances without having to undertake a confirmation;

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- correct an error currently contained within section M3.8.1 of the network code.

The modification introduces a 'fast-track' facility to enact a change to the supplier ID without having to follow the network code supply point transfer requirements i.e nomination/confirmation. If this approach was adopted shippers' would not be subject to transfer timescale notice periods as such changes could be updated quickly on NGT's systems. The use of the nomination/confirmation would remain optional if the data associated with a transfer i.e opening read is required this could be provided by NGT or the shipper in question.

Out of scope of this modification is a facility allowing suppliers to fast track portfolio transfers from one shipper to another.

Views of respondents

NGT received seven representations. Six respondents support the modification and one respondent supports the principle of the modification. A number of respondents raised similar points these are set out as discussed below.

Administrative Burden on shippers

The majority of respondents suggest that this modification reduces the administrative burden on shippers and Transco.

The administrative complexities arise from the current network code requirement to use the SPA processes including the submission of an opening read if a shipper wishes to record a change to the supplier ID (and the shipper ID doesn't change) of a supply point. Rendering the confirmation requirement optional in these circumstances and removing the need for opening reads streamlines the transactions between Transco and shippers and reduces the associated administration.

Management of Portfolios

A number of respondents suggest that the introduction of this functionality will assist the management of shipper/supplier portfolios.

The modification provides shippers with more flexibility to manage portfolio's on behalf of suppliers. For example, shippers may choose to introduce separate supplier identifiers to split a supplier's portfolio. For example, via market sector i.e domestic ID ABC1, I&C ID ABC2. This could be achieved if the shipper advocates the use of the 'fast-track' facility.

Ofgem's Views

The introduction of shorter timescales and a more efficient/streamlined process for enacting changes of supplier (in the event the shipper ID doesn't change) furthers NGT's relevant objective of securing effective competition between shippers and suppliers.

- The introduction of a 'fast-track' facility and the pricing consultation to remove the charges for opening meter reads provides shippers with more flexibility to manage their portfolio's/supply points.
- In the event that the change to the supplier ID involves separate parties the shipper involved can still process the transfer using the nomination (if applicable) confirmation route. Transco will still accept any meter reads provided and will continue to generate estimates and the new supplier will receive the full details associated with the transfer.

Ofgem welcomes the changes proposed by 663 as the modification is an improvement to current network code arrangements. However, Ofgem suggests that further work is required by Transco to improve the arrangements for managing bulk shipper to shipper transfers. For example, if a supplier wishes to change its shipper or a supplier wishes to transfer an acquired

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portfolio into an existing shipping account. The current arrangements have caused inconvenience for shippers/suppliers and further work to bring about improvements in this area would be welcomed by Ofgem.

Ofgem's Decisions

For the reasons outlined above Ofgem has consented to modification 663 as we believe that the modification further NGT's relevant objective of furthering competition between shippers and suppliers. If you wish to discuss any aspect of this decision, please do not hesitate to contact me on the above number.

Yours sincerely

Roger Morgan
Manager, Gas Infrastructure