

Stage 04: Final Modification Report

0472S:

Reporting the number of registration attempts by a Gas Shipper

This modification seeks to enable Shippers to resolve issues where multiple registration attempts are made resulting in multiple objections.



Panel consideration is due on 21 August 2014



High Impact:



Medium Impact:



Low Impact:
Shipper Users

At what stage is this document in the process?



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About this document:

This Final Modification Report will be presented to the Panel on 21 August 2014.

The Panel will consider the views presented and decide whether or not this self-governance change should be made.



Any questions?

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1 Summary

Is this a Self-Governance Modification?

The July 2014 Modification Panel determined that this is a self-governance modification because it is unlikely to have material effect on competition and consumers, reflected by the fact that the modification has been down scoped to simply the provision of a report.

Why Change?

At the moment there is no restriction on the number of registration attempts that a Shipper can make when attempting to gain a customer. This can lead to numerous repeated attempts to register the customer when this is not appropriate, e.g. when the customer is under contract to their existing Supplier. These repeated registration attempts are inefficient, as they have to be responded too. It has been identified that an existing Shipper cannot identify the proposing Shipper attempting registration, however Xoserve can report on these issues where repeated inappropriate registration attempts may have been made.

Solution

This modification proposes that reporting the number of registration attempts where customers are under contract is required to prevent multiple unwarranted registration attempts and drive correct behaviour. It will also assist Shippers in resolving specific incidents of this type. This has significant customer benefit by enabling the incumbent Shipper to identify the proposing Shipper and resolve the issue resulting more efficient switching.

Relevant Objectives

Implementation of this proposal will facilitate Relevant Objective d) securing of effective competition and f) Promotion of efficiency in the implementation and administration of the Code.

Implementation

No implementation timescales are proposed. However, should self-governance procedures be followed implementation could be 16 Days after a Panel decision to do so.

2 Why Change?

At the moment there is no restriction on the number of registration attempts that a Shipper can make when attempting to gain a customer. However, if the customer is under contract with their existing Supplier this can lead to the objection process being invoked by the incumbent Shipper. Even after the objection is upheld, the proposing Shipper can attempt to register again immediately afterwards and this registration and objection process by Shippers can be repeated time and again. This is inefficient for the existing Shipper and in addition leads to accusations of a high number of objections - when in fact many are repeats objections for the same customer. It is envisaged that post Nexus this issue will be addressed by the Gas Performance Assurance Framework to incentivise compliance further. Until a Performance Assurance Framework is established, reporting of multiple attempted registration and objections identifying the proposing Shipper will allow Shippers to focus on solving them.

3 Solution

The solution is to enable incumbent Users to use the current Transporter agency (Xoserve) enquiries process to find out the identity of the proposing User. This is in circumstances where 5 registration attempts within a 3 calendar month period are made by the same proposing User.

This would allow a bilateral discussion between Suppliers to resolve the issue and assist in providing evidence should one party decide to report certain behaviours to the Authority.

Draft Business Rules.

- 1) Circumstances may arise where the Existing Registered User receives a 5 or more Confirmation notifications from the Transporter during a 3 calendar month period and may object to the proposed transfer of ownership using a valid Supply point Objection reason code.
- 2) Subject to 1), the Existing Registered User may contact the relevant Transporter who will identify the Proposing User or Users attempting to register the relevant Supply Meter Point.
- 3) Provided 5 or more Supply Point Confirmations have been made within 3 calendar months by the same Proposing User, the Transporter will notify the identity of the relevant Proposing User to the Existing Registered User and will confirm to the Existing Registered User that the Proposing User has submitted 5 or more Supply Point Confirmations within 3 calendar months.
- 4) Where the conditions of the above information request are not met the Transporter will reject such request.
- 5) For clarity to ensure this a prospective modification it will only apply to confirmations made after the 1st September 2014.

While not part of this Modification Proposal the following information is provided:

- i) The incumbent User may contact the proposing User directly to resolve the issue
- ii) The incumbent User may escalate the issue to the Authority if resolution cannot be agreed.

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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 amendment to an existing Non Code User Pays Service Line – User Telephone Enquiry Service. This change, which will be effected by a User Pays Change Request to amend the above 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 (no development costs have been identified)

Ongoing costs - 100% costs to Users (charged through the User Telephone Enquiry Service)

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

The costs of this service will be recovered using the charging mechanism for the existing User Telephone Enquiry Service.

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

The costs of this service will be recovered using the charging mechanism for the existing User Telephone Enquiry Service in line with the **SERVICES SCHEDULE FOR THE PROVISION OF NON-CODE USER PAYS SERVICES**.

Users will need to assess the appropriateness of their User Telephone Enquiry Service Volume Band in light of this Modification. Should Users exceed their current banding volume then they would be charged on a per call basis or they may request to change their banding volumes.

The ACS does not require amending as a result of this modification therefore a revised ACS is not required.

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.	Positive
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:

(i) between relevant shippers;

Some participants consider reducing the number of erroneous gain attempts would enable all Shippers and suppliers to use their resources more efficiently; and help to ensure an appropriate competitive environment therefore further effective competition between Shippers.

f) Promotion of efficiency in the implementation and administration of the Code.

Reducing the number of erroneous gain attempts would enable Shippers to focus of genuine Supply Point Registration attempts, allowing them to respond promptly with the appropriate oversight thus furthering promotion of efficiency in the implementation and administration of the Code.

5 Implementation

No implementation timescales are proposed. However, should self-governance procedures be followed implementation could be 16 Days after a Panel decision to do so.

To improve the working of the objections process the change should be made as soon as practicable.

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6 Legal Text

Text

Legal Text has been prepared by National Grid Distribution at the request of Panel at the 19 June 2014 meeting. The Workgroup raised no issues concerning the content of the legal text.

TPD Section G 2.8

Amend paragraph 2.8.1 to read as follows:

2.8 Effect of Confirmation: Existing Supply Points not already withdrawn

- 2.8.1 Where, at the time a User submits a Supply Point Confirmation which is not rejected by the Transporter, there is any Existing Supply Point in respect of which a Supply Point Withdrawal has not been submitted:
- (a) the Transporter will, as soon as reasonably practicable and in any event within 2 Supply Point Systems Business Days after the Supply Point Confirmation was submitted, notify the Existing Registered User of the submission of the Supply Point Confirmation and the Proposed Supply Point Registration Date, but, except in accordance with paragraph 2.8.9, not the identity of the Proposing User;
 - (b) the Existing Registered User may, up to but not after:
 - (i) the 7th Supply Point Systems Business Day after the date of notification to the Existing Registered User of the submission of the Supply Point Confirmation; or
 - (ii) if earlier, the 8th Business Day before the Proposed Supply Point Registration Date, (in either case the “**Objection Deadline**”) submit to the Transporter an objection (“**Supply Point Objection**”) in respect of such Existing Supply Point provided that the Existing Registered User shall not submit such Supply Point Objection where a domestic consumer supplied with gas at the Existing Supply Point has ceased or is to cease to own or occupy the relevant premises; and
 - (c) the Proposing User may, subject to paragraph 2.8.8 (in the case of a Smaller Supply Point) up to but not after the 8th Supply Point Systems Business Day before the Proposed Supply Point Registration Date submit to the Transporter a cancellation (“**Supply Point Confirmation Cancellation**”) in respect of such Supply Point Confirmation.

Add new paragraph 2.8.9 to read as follows:

2.8.9 Where the Existing Registered User:

- (a) receives five or more notifications of Supply Point Confirmations after 1 September 2014 in respect of an Existing Supply Point within a period of three consecutive calendar months; and
- (b) makes a request for disclosure of the Proposing User’s identity,

the Transporter will disclose the identity of the Proposing User to the Existing Registered User but only where such Proposing User has submitted five or more Supply Point Confirmations after 1 September 2014 and within a period of three consecutive calendar months.

7 Consultation Responses

Of the three representations received, support was unanimous.

Representations were received from the following parties:

Organisation	Response	Relevant Objectives	Key Points
British Gas	Support	d - positive	<ul style="list-style-type: none">The modification proposal does not restrict the number of registration attempts, but provides the legal framework for the provision of relevant information to enable the incumbent shipper to open a dialog with the requesting shipper (or Ofgem).
E.ON UK	Support	f - positive	<ul style="list-style-type: none">If a pattern of behaviour has been identified, this modification facilitates a mechanism for the identity of the proposing user to be disclosed, enabling the incumbent shipper to contact the proposing User to ask them to desist, or to escalate the matter to Ofgem. This will reduce the cost burden on the Shipper who has to manage the repeated requests.
RWE	Support	d - positive f - positive	<ul style="list-style-type: none">This modification will add an additional service whereby the registered Shipper can identify the proposing Shipper and then resolve the situation through a bilateral agreement between Shippers or escalate to Ofgem where a systematic behaviour is believed to have been identified.

Representations are published alongside the Final Modification Report.

8 Panel Discussions

9 Recommendation

Panel Recommendation

Having considered the Modification Report, the Panel determined:

- that proposed self-governance Modification 0472S [should/should not] be made.

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