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The Joint Office, Relevant Gas
Transporters and other interested
parties

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Dear Colleague

Uniform Network Code modification proposal 080: 'Acceptance of AMR reads at supply points with correctors'

Ofgem¹ has considered the issues arising from the modification report in respect of Uniform Network Code (UNC) modification proposal 080 and, having regard to the principal objective and statutory duties of the Authority², has decided to direct relevant gas transporters to implement the modification proposal.

Ofgem considers that it would better facilitate the achievement of the relevant objectives of the UNC, as set out under Standard Special Condition A11³ of the relevant Gas Transporters' licences, as compared with the existing provisions of the UNC.

Background

The UNC currently defines a Meter Reading as the index reading of the Supply Meter plus in addition, where a converter is installed, both the converted and the unconverted readings of the converter.

Daily Read Equipment is excluded from the need to submit all three data items. For such equipment, a Meter Reading need not include both the index reading and the unconverted reading from the converter. The remaining read may also be submitted, but this is optional rather than mandatory.

For Remote Meter Reading Equipment, more commonly referred to as automated meter reading (AMR) equipment, all three readings must be submitted.

The modification proposal

The proposal seeks to alter the definition of a Meter Reading for AMR equipment, such that only the converted read from the converter needs to be submitted in addition to the index reading. The remaining unconverted read may still be submitted, but on an optional rather than mandatory basis.

¹ Ofgem is the Office of the Gas and Electricity Markets Authority. The term 'Ofgem' and 'the Authority' are used interchangeably in this letter.

² Set out in Section 4AA of the Gas Act 1986, as amended.

³ This Licence Condition can be viewed at:
http://62.173.69.60/document_fetch.php?documentid=6547

The Proposer contends that this would allow a greater number of AMR readings to be accepted by the systems. It is argued that this will facilitate greater efficiencies in Shipper and Supplier processes, and reduce the number of manual reads required for such meters, reducing costs and inconvenience to consumers.

Respondents' views

Seven responses were received in relation to modification proposal 080, six of which were in favour of implementation.

The remaining response did not expressly support or oppose implementation of UNC080, but suggested that a better approach to limited capacity for data submission would be for both the reads from the converter to be mandatory, whilst the index read is optional.

Respondents' views can be found in full on the Gas Transporters Information Service⁴.

Panel recommendation

At its meeting of 06 July 2006, the UNC Modification Panel voted by majority in favour of the proposal being implemented.

Ofgem's view

We concur with the majority view of respondents and Panel members that it is appropriate to make the unconverted reading from the converter optional, rather than mandatory. We share the view that this reform will reduce the installation costs of AMR equipment, whilst improving the quality of data used in estimation, deeming and reconciliation processes. Such measures should reduce unnecessary operational and administrative costs on Shippers and Suppliers, thereby helping to secure effective competition between Shippers and Suppliers.

This reduction in costs and the need for manual reads is also consistent with our principal objective to protect the consumer, through the potential that cost savings will be passed-through and helping to reduce consumer inconvenience.

We note the alternative approach put forward by one respondent whereby the index read would become optional, rather than the unconverted read from the converter, but do not consider this a practical alternative to UNC080. As highlighted in the Modification Report, the index reading is prima facie evidence of the consumption of the meter⁵ and should therefore be recorded.

If you have any further queries in relation to the issues raised in this letter, please feel free to contact Richard Hall on 020 7901 7335.

Yours sincerely



Sarah Harrison
Managing Director, Corporate Affairs

⁴ <https://gtis.gasgovernance.com>.

⁵ See section 2 of the Gas Act 1995:
http://www.opsi.gov.uk/acts/acts1995/Ukpga_19950045_en_4.htm