

Modification proposal:	<b>Uniform Network Code (UNC) 124: Amendment to the window for acceptance of Meter Reads by the Transporter (UNC 124)</b>		
Decision:	<b>The Authority<sup>1</sup> directs that this proposal be made<sup>2</sup></b>		
Target audience:	<b>The Joint Office, Parties to the UNC and other interested parties</b>		
Date of publication:	<b>14 March 2007</b>	Implementation Date:	<b>To be confirmed by the Joint Office</b>

## Background to the modification proposal

UNC Modification proposal 0124 has been prompted by the introduction of revised arrangements for metering and meter reading in addition to requirements placed on Suppliers to properly validate meter readings. This proposal seeks to improve the current baseline for valid meter reads by increasing the period in which a meter reading may be submitted to a transporter. This will enable a greater number of meter readings to be used for, amongst other things, determining AQs.

## The modification proposal

This modification proposal amends paragraph 3.3 of section M of the UNC which refers to the timing of submissions of Meter Readings for non-daily metered customers (NDM) to the Transporter which are validly utilised for reconciliation and other purposes. The proposal seeks to extend the current submission period for Users to submit 100% of Meter Reads after the Meter Read date from 10 business days to 15 business days and to extend the time period within which 50% of Meter Reads are submitted from 5 to 10 business days.

## UNC Panel<sup>3</sup> recommendation

At its meeting of 18 January 2007, the UNC Panel recommended that the modification proposal be implemented.

## The Authority's decision

The Authority has considered the issues raised by the modification proposal and the Final Modification Report (FMR) dated 12 March 2007. The Authority has considered and taken into account the responses to the Joint Office's consultation on the modification proposal which are attached to the FMR<sup>4</sup>.

The Authority has concluded that:

1. implementation of the modification proposal will better facilitate the achievement of the relevant objectives of the UNC<sup>5</sup>; and

<sup>1</sup> The terms 'the Authority', 'Ofgem' and 'we' are used interchangeably in this document. Ofgem is the Office of the Gas and Electricity Markets Authority.

<sup>2</sup> This document is notice of the reasons for this decision as required by section 38A of the Gas Act 1986.

<sup>3</sup> The UNC Panel is established and constituted from time to time pursuant to and in accordance with the UNC Modification Rules

<sup>4</sup> UNC modification proposals, modification reports and representations can be viewed on the Joint Office of Gas Transporters website at [www.gasgovernance.com](http://www.gasgovernance.com)

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

2. directing that the modification be made is consistent with the Authority's principal objective and statutory duties<sup>6</sup>.

### **Reasons for the Authority's decision**

In summary, we consider that UNC0124 impacts most significantly upon relevant objective (d) of the UNC and we set out the reasons why we believe UNC0124 would better facilitate this relevant objective below.

*Relevant objective (d) – so far as is consistent with relevant sub-paragraphs (a) to (c) the securing of effective competition between relevant shippers, suppliers and DN operators.*

Ofgem agrees that by facilitating acceptance of more valid Meter Readings, implementation would facilitate more accurate allocation of energy and transportation charges between Users. This would permit improved targeting of energy balancing charges and increase the cost reflectivity of Transportation Charges. We therefore consider that implementation of this proposal would encourage further effective competition between shippers, suppliers and DN operators.

We note the concerns of some parties that by increasing the acceptance window the risk of a supplier stock-piling meter readings increases and consequently the risk of exceeding system capacity. However, it is our understanding that such occasions are rare, eg where a party decides to move their portfolio or supplier ID or where there has been a system failure, which has resulted in a backlog of meter readings. On such occasions we would encourage parties and xoserve to engage in open dialogue to ensure effective management of the particular situation. Based on xoserve's experience we also consider that they have appropriate and robust systems in place to deal with any isolated occasions where too many readings are submitted in a day, therefore exceeding maximum daily capacity.

In addition, we note the concerns of one party that if the 400,000 daily read submission limit is exceeded this could cause a UK Link Failure. In such an event there is a risk that any Code Standard of Service that relies on the UK Link system for its delivery will not be met. As above we consider that breaching the 400,000 daily read submission limit is likely to be a rare event and xoserve and the DN's are capable of identifying and managing such events on a case by case basis.

We acknowledge the comments of one party on the provision of further information in relation to the potential increases in the number of meter readings submitted. However such additional analysis was not available or submitted as part of this modification proposals final modification report (FMR). Whilst we support this modification proposal, the provision of more detailed cost-benefit analysis would have proved useful and is something we encourage the industry to spend more time developing as part of future modification proposals.

Ofgem supports this modification and believes that its implementation better facilitates relevant objective (d) for the reasons set out below:

---

[http://62.173.69.60/document\\_fetch.php?documentid=6547](http://62.173.69.60/document_fetch.php?documentid=6547)

<sup>6</sup>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.

- Provides for a greater number of valid meter reads to be accepted by the Transporters;
- improves the accuracy of the allocation of energy through the reconciliation process;
- provides for a greater number of meter reads to be accepted for the purposes of setting Annual Quantities (AQ);
- improves the accuracy of deeming volumes of energy at supply points.

### **Decision notice**

In accordance with Standard Special Condition A11 of the Gas Transporters Licence, the Authority, hereby directs that modification proposal UNC 124: Amendment to the window for acceptance of Meter Reads by the Transporter be made.

A handwritten signature in black ink, appearing to read 'Philip Davies', is written over a horizontal line.

**Philip Davies**

**Director, Retail Markets and Environmental Policy**

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