

Modification proposal:	Uniform Network Code (UNC) 487 (Variation): Introduction of an Advanced Meter Reader (AMR) Service Provider (ASP) Identifier (ASP ID) and Advanced Meter Indicator (UNC487V)		
Decision:	The Authority ¹ has decided to accept UNC487V ²		
Target audience:	The Joint Office, Parties to the UNC and other interested parties		
Date of publication:	9 January 2015	Implementation date:	To be confirmed by the Joint Office

Background to the modification proposals

Advanced meters³ have become increasingly prevalent in the non-domestic sector of the gas market, particularly since the Government introduced licence obligations⁴ upon gas suppliers to install such meters in April 2009.

However, central gas systems do not currently identify if the in situ meter is an advanced meter (and operating as such) and if so, who the current Advanced Meter Reading Service Provider (ASP) is. This lack of information can create issues if the customer switches to another supplier, and the incoming supplier is unable to offer the expected functionality and standards of service. In some cases a site visit may be necessary in order to obtain the correct information in order to resume advanced meter reading services etc. This can lead to additional cost and be detrimental to standards of service and the overall customer experience of the transfer process.

The modification proposal

Recognising the numbers of advanced meters that are already in situ and continue to be installed, UNC487V seeks to improve existing levels of interoperability by introducing new data items into central systems and placing an obligation upon gas shippers to populate and maintain them. Specifically, it proposes to introduce an:

- Advanced meter indicator – enabling the incoming supplier to confirm that such a meter is present; and
- Advanced Meter Reading Service Provider (ASP) Identity – enabling the incoming supplier and its shippers to make the necessary arrangements in relation to the site, e.g. for the meter to remain in situ and/or for the service provision to continue.

UNC487V is intended only to be an interim arrangement, pending a more enduring solution to be provided as part of the post-Nexus⁵ environment. An enduring solution is currently being developed as UNC511⁶.

The proposer also notes that UNC487V does not itself seek to prescribe how the advanced meter indicator and ASP ID are to be transmitted. However, two complementary change

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

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

³ Advanced meters provide measured gas or electricity consumption for multiple time periods (i.e. for each half hour in electricity or hour in gas) and provide the supplier with remote access to that data. Advanced meters have a lower minimum level of functionality than smart meters, which are being rolled out to domestic and smaller non-domestic consumers.

⁴ Gas Supplier's Standard Licence Condition 12: Matters relating to gas meters

⁵ Project Nexus incorporates the replacement of Xoserve's existing UK Link systems and introduction of certain valued added enhancement such as improved settlements and the inclusion within central systems of the independent Gas Transporters.

⁶ UNC511: Introduction of an Enduring Solution for managing Advanced Meters in central systems post Nexus

proposals have been raised to the Supply Point Administration Agreement (SPAA). Change Proposals (CPs) 14/283⁷ and 14/284 each seek to specify the individual file formats that will be changed in order to accommodate the new data, and in what manner. CP14/283 is intended to complement the pre-Nexus interim solution, whereas CP14/284 is intended to complement the enduring solution.

Both CP14/283 and CP14/284 have been accepted to be implemented under the self-governance procedures of the SPAA. At its meeting of 26 November 2014 the SPAA Executive Committee determined that the implementation date for CP14/283 will be 1 April 2015, whereas CP14/284 will coincide with the implementation of project Nexus, scheduled for 1 October 2015.

UNC Panel⁸ recommendation

At its meeting of 20 November 2014 the UNC Panel voted unanimously to recommend that UNC487V is implemented.

However, UNC Panel members also noted the concerns of one respondent regarding the materiality of this proposal and reconsidered whether it should continue under self-governance. Following discussion, the UNC Panel determined that the proposal should be submitted to the Authority for a decision.

The Authority's decision

We have had regard to our statutory duties and functions in reaching this decision. We have considered the issues raised by the modification proposal, the Final Modification Report (FMR) dated 20 November 2014 and the consultation responses published alongside and summarised within that FMR⁹. We have concluded that:

1. implementation of UNC487V will better facilitate the achievement of the relevant objectives of the UNC¹⁰; and
2. directing that the UNC487V be made is consistent with our principal objective and statutory duties¹¹.

Reasons for Authority decision

We note that there was strong support for UNC487V, with all but one of the seven respondents being supportive of its implementation on the basis that it would further relevant objective d). The respondent who was opposed to UNC487VS considered that it would have a neutral impact upon relevant objective d) but be detrimental to f).

We agree with the UNC Panel that UNC487VS should be assessed against relevant objectives d) and f), and that it would have no impact upon the other relevant objectives.

Relevant Objective (d) securing effective competition between relevant Shippers

Those respondents who supported implementation of UNC487V considered that it would improve the interoperability of advanced metering equipment, enabling it to be more readily utilised by an incoming supplier upon a customer transfer. The respondents

⁷ CP14/283: 'Record Presence of AMR and Provider - Transitional Change'

⁸ The UNC Panel is established and constituted from time to time pursuant to and in accordance with the UNC Modification Rules.

⁹ UNC modification proposals, modification reports and representations can be viewed on the Joint Office of Gas Transporters website at www.gasgovernance.com

¹⁰ As set out in Standard Special Condition A11(1) of the Gas Transporters Licence, see: <https://epr.ofgem.gov.uk/Content/Documents/Standard%20Special%20Condition%20-%20PART%20A%20Consolidated%20-%20Current%20Version.pdf>

¹¹ 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.

generally considered that this would remove the need for site visits in order to determine whether advanced metering equipment is present and the ID of the ASP. This would increase efficiency and lead to a better experience for the consumer. They considered that this would further effective competition between gas suppliers.

The respondent who was opposed to the implementation of UNC487V agreed that the modification may better facilitate this objective, to the extent that it could reduce the number of site visits. However, it went on to state that this benefit should be weighed against what it considered to be the inefficient cost of implementing this modification on a relatively short term interim basis. It suggested that its own costs of implementing UNC487V would be in the region of £20k, which it expected to be reflective of the costs to other suppliers.

We agree that the provision of the advanced meter indicator and ASP ID will facilitate a more efficient and smooth transfer for those consumers who have such equipment installed and choose to switch to another supplier. The inability of an incoming supplier to utilise in situ equipment and offer the functionality it provides may otherwise be detrimental to the transfer experience, with any remedial action imposing additional costs and inconvenience. In the extreme this may deter customers with such equipment from switching to a new supplier. We therefore agree that measures to increase interoperability, whether of the advanced metering equipment itself or of the accompanying service arrangements, will better facilitate effective competition between relevant gas suppliers.

Whilst we have some sympathy with the concern that this is imposing cost for what is expected to be a relatively short interim period, we also agree with the respondent who suggested that the switching profile is not likely to be uniform throughout the year. It is likely that a relatively large proportion of customers with advanced metering equipment will be on fixed term commercial contracts. We therefore consider that whilst the interim solution may only be in place for six months, it may benefit a disproportionately large number of transfers that may be expected to take place in the run up to the start of the 2015/16 Gas Year, which runs from 1 October.

We also consider that the costs of implementing UNC487V are relatively small. The high level of support for this proposal, and the fact that the complementary SPAA change proposals have been accepted, suggests that the majority of gas suppliers consider the costs to be proportionate and outweighed by the anticipated benefits, even over a short time period.

Given the above, we consider that the implementation of UNC487V will better facilitate relevant objective d) of the UNC.

Relevant objective (f) promotion of efficiency in the implementation and administration of the UNC

We agree with the respondent who opposed UNC487V that it is not ideal to be making modifications to the UNC in relation to this issue in such quick succession. However, we do not consider that the imminent implementation of wide-scale changes should necessarily preclude incremental improvement being made to the current baseline in the meantime. For the reasons set out above, we consider that the benefit of UNC487V in that interim period will outweigh concerns over administrative inefficiency.

User Pays

The FMR confirms that the recovery of Agency costs for implementing UNC487V would be 100% from gas shippers, under the User Pays arrangements. It is proposed that these costs will be allocated on the basis of each gas shipper's share of the non-domestic market,

as represented by the number of meter points¹² registered to them on 1 October 2014. This will be determined on the basis of the domestic/non-domestic flag currently maintained by Xoserve.

As UNC487V is relevant only to the Advanced meters installed at non-domestic premises¹³ and does not apply to the Smart meters that must be installed in domestic premises¹⁴, we consider that cost allocation on the basis of relevant meter points held is appropriate. Given that these costs are expected to be circa £20k-£100k and that the modification is expected to be superseded upon implementation of Project Nexus, we also consider it is reasonable to use a single snap-shot of registered meter points.

Decision notice

In accordance with Standard Special Condition A11 of the Gas Transporters Licence, the Authority hereby directs that modification proposal UNC487V: *'Introduction of an Advanced Meter Reader (AMR) Service Provider (ASP) Identifier (ASP ID) and Advanced Meter Indicator'* be made.

Rob Church
Partner, Retail Markets

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

¹² Meter Point Reference Numbers

¹³ Pursuant to Gas Supplier's Standard Condition 12: Matters relating to gas meters

¹⁴ Gas Supplier's Standard Licence Condition 33: Smart Metering System – Roll-out, Installation and Maintenance