

0425

Re-establishment of Supply Meter Points – Shipperless sites

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This modification proposal seeks to further modify existing provisions of the UNC regarding the re-establishment of Supply Meter Points for Shipperless sites.



The Workgroup recommends that this modification should proceed to Consultation



High Impact:



Medium Impact:
Transporters & Users



Low Impact:

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About this document:

The purpose of this report is make a recommendation to the Panel, to be held on 15 November 2012, on whether Modification 0425 should proceed to consultation and to submit any further recommendations in respect of the assessment of this modification.

Xoserve:
Alison Jennings



commercial.enquiries@xoserve.com

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1 Summary



Supply Point Isolation and Withdrawal

UNC TRP Section G3 sets out comprehensive terms which set out the conditions under which Users are able to remove themselves from being Registered to a Supply Point or to limit their transportation charge liability.

Is this a Self-Governance Modification

The Modification Panel determined that this modification should not follow the Self-Governance procedures.

Why Change?

Whilst clear in respect of User Transportation charge liability, the current provisions of the UNC do not clarify the User registration status at a Supply Point which has been subject to Effective Supply Point Withdrawal or Isolation but which remains capable of flowing gas.

Accordingly, whilst in such cases the User (Shipper) is liable for Transportation charges, the Supplier is unable to recover the costs from the consumer given that the lack of a registration in the Transporter Supply Point Register (SPR) means that there is no Deemed Supply Contract in place.

This potentially results in costs, which are smeared to the remainder of the industry.

National Grid Distribution has raised Modification UNC0424 to address a specific issue where the previously connected Supply Meter (with the same serial number and number of dials as provided as part of the Meter Information) is physically connected to the System such that gas is capable of being offtaken.

However, there are also circumstances, which are not covered by UNC0424 proposal but which also need to be addressed, where the Transporter (or another party) during for example a gas safety visit identifies, that following an Isolation or Withdrawal, a different Supply Meter (to the previously connected Supply Meter) is installed at the premises that is capable of flowing gas.

In the absence of any knowledge of who installed the different Supply Meter or when the meter was installed, it is evident that these meter points could remain Shipperless indefinitely.

Solution

It is proposed that the UNC is modified to place an obligation on the last registered Shipper to take responsibility for resolving the issue by undertaking investigations as appropriate and by ensuring that actions are undertaken that will satisfactorily resolve the issue within three months from the date of notification from the Transporter.

Successful outcomes of a Shippers investigation could include: the re-registration of the site by the investigating Shipper or the registration of the site by another Shipper.

Where a successful outcome is not delivered by the investigating Shipper within the prescribed timescale, the User's registration will remain in place from the date of the Effective Supply Point Withdrawal or Isolation.

For clarification, where a successful outcome is delivered, the relevant Transportation and energy costs will be applied to the newly registered Shipper from the date the different Supply Meter was capable of gas flowing. Where this date is unknown, costs will be applied from the date of the notification of the issue to the investigating Shipper.

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Impacts & Costs

Implementation of the proposed terms would enable Shippers to recover the costs (to which they are exposed to pursuant to the prevailing terms of the UNC) through their supply arrangement. This would also reduce the overall population of the so called 'Shipperless sites' which has been highlighted as an industry concern in light of the risk of socialised costs being otherwise applied to the User community.

The proposed method of achieving re-registration is an existing process operated by both Users and Transporters. There will also be a requirement, where necessary for Transporters to register on the User's behalf. Industry system changes will be incurred by Transporters. Notwithstanding this, it is expected that system, process and administration costs are likely to be incurred by Transporters, Shippers and Suppliers.

Implementation

No specific timescale is proposed.

A backlog of Supply Points relevant to this Modification exist which will need to be addressed. We expect a process to resolve historic Shipperless sites will require further development, which is outside of this proposal.

The Case for Change

Where practically achievable, consumers should use gas pursuant to supply arrangements. The Gas Act Schedule 2B defines the circumstances where such a supply arrangements are deemed to exist; however the current UNC terms prevent such arrangements being deemed to exist in the case of Shipperless sites.

Given that Users already have the charging liability under the prevailing terms of the UNC, it should be of benefit to the industry as a whole to enable deemed supply arrangements to exist by clarifying the SPR registration status in respect of the relevant shipperless sites. Accordingly to statistics provided by the Transporters' agent, Xoserve, shipperless sites are an increasing population, which increases the risk of socialised costs.

Recommendations

The Workgroup recommends that this modification should now proceed to consultation.

2 Why Change?



Overview

Further to the objectives of UNC0424, this proposal seeks to address a further subset of Shipperless sites, which are out of scope of that modification proposal.

National Grid Distribution's proposal UNC0424 seeks to address the specific issue where the previously connected Supply Meter (with the same serial number and number of dials as provided as part of the Meter Information) is physically connected to a System such that gas is capable of being off-taken.

However, there are also circumstances, which are not covered by UNC0424 proposal but which also need to be addressed, where the Transporter (or another party) during for example a gas safety visit identifies, that following an Isolation or Withdrawal, a different Supply Meter (to the previously connected Supply Meter) is installed at the premises that is capable of flowing gas.

In the absence of any knowledge of who installed the different Supply Meter asset or when the meter was installed, it is evident that these meter points could remain Shipperless indefinitely.

Therefore if appropriate action is not taken to address the situation, there is a clear risk that the costs of any gas consumed at Shipperless sites will continue to be inappropriately targeted and will alternatively be smeared to the remainder of the industry.

Background

The industry volumes of shipperless and unregistered sites are published bi-monthly, by Xoserve.

Data issued in January 2012 show that the existing volume of Shipperless sites affected by the specific issue that this modification proposal is trying to address is 4,657.

The table below clearly identifies that the volume of these sites have been increasing steadily of the past 2 years.

Date In	MPR In	Date Out	MPR Out	Total
May 2010	3205	May 2010	0	3205
Jul 2010	399	Jul 2010	19	3585
Sep 2010	597	Sep 2010	53	4129
Nov 2010	11	Nov 2010	369	3771
Jan 2011	443	Jan 2011	125	4089
Mar 2011	323	Mar 2011	91	4321
May 2011	13	May 2011	87	4247
Jul 2011	293	Jul 2011	19	4521
Sep 2011	191	Sep 2011	53	4659
Nov 2011	135	Nov 2011	46	4748
Jan 2012	108	Jan 2012	199	4657

Shipperless and unregistered sites

Shipperless Site

A Supply Meter Point within the Supply Point Registration that has no current registered User, but previously had one.

Unregistered Sites

A Supply Meter Point within the Supply Point Register that has never been registered by a User

3 Solution

It is proposed that the UNC is modified to place an obligation on the last registered Shipper to take responsibility for resolving the issue by undertaking investigations as appropriate and by ensuring that actions are undertaken that will satisfactorily resolve the issue within three months from the date of notification.

Successful outcomes of a Shippers investigation could include: the re-registration of the site by the investigating Shipper or registration of the site by another Shipper.

Where a successful outcome is not delivered by the investigating Shipper within the prescribed timescale, the User's registration will remain in place from the date of the Effective Supply Point Withdrawal.

For clarification, where a successful outcome is delivered, the relevant Transportation and energy costs will be applied to the newly registered Shipper from the date the different Supply Meter was capable of gas flowing. Where this date is unknown the costs will be applied to the investigating Shipper from the date of Transporter notification.

The presence of a registration in the Supply Point Register will ensure that a Deemed Supply Contract is in place and thus enable the User to recover its costs through its Supplier arrangements.

Business Rules

Introduction

1. These Business Rules have been drafted to support Modification 0425. For the purposes of this process a "Shipperless site" is defined as a Supply Meter Point which is not registered to a Shipper following an effective Supply Point Withdrawal.
2. The situations covered by this proposal are where the Transporter (or another party) during, for example, a gas safety visit identifies, that following an Isolation or effective Supply Point Withdrawal, a Supply Meter other than that previously installed as identified by the Meter Serial Number is installed which is capable of flowing gas. It is proposed that the Shipper or last registered Shipper be responsible for resolving the issue by registering or re-registering the Supply Meter Point within 3 months of the Transporter Notification.
3. If following an effective Supply Point Withdrawal or Isolation it is identified the same meter (meter serial number, number of dials etc) remains connected this specific circumstance is covered by National Grid Distribution's proposal UNC0424. Notwithstanding the above UNC425 assumes the successful implementation of National Grid Distribution's proposal UNC0424, as it is the intention of UNC0425 to build on the scenarios that address Shipperless sites.
4. Whilst the intention of the proposal is to resolve Shipperless and Unidentified gas it will not resolve all instances. There will remain periods of unallocated gas. The volume of which will need to be calculated based on available information such as reads and consumption information. This volume will be captured by the Transporter (Xoserve) for AUGÉ purposes.
5. The Transporter is able to recover the costs from the relevant Shipper for the so called 'abortive' visits. These occur where the Transporter is unable to cut off the service pipe in accordance with the Gas Safety (Installation and Use)

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Regulations 1998 due to the presence of a Supply Meter, which is connected to the Transporters Emergency Control Valve (ECV).

6. This proposal does not cover the situation where the service is removed and the MPRN is set to dead.

Re-establishment of Supply Meter Points Business Rules

Transporter Activity

1. The Transporter normally completes a Gas Safety (GSIU) Visit on behalf of Suppliers approximately 12 months after the date of the notification of the meter removal.
2. During the Gas Safety Visit the Transporter will identify if a meter is connected to the system, which is capable of flowing gas.
3. If no meter is identified the Transporter removes the Service and the Supply Meter Point is set as dead.
4. If a Supply Meter different to that previously held on the Supply Point Register is identified in situ and is capable of flowing gas the Transporter will use reasonable endeavours to record the data, which is deemed as appropriate for the Shipper to re-register the site. The data should include, date of meter fit (if known), date of visit, meter location, meter serial number, metric/imperial, meter type, number of dials, meter reading etc. The Transporter will also provide any details on tags or stickers attached to the meter. The Transporter should where possible identify if a Supply contract is in place. Customer name and contact details should also be obtained.
5. The Transporter (Xoserve) will perform a validation to identify if the meter is registered to another MPRN (Duplicate process) and if so, will take the necessary action to resolve the duplication.
6. The Transporter (Xoserve) will undertake a Shipper Activity report, to identify any other Shipper attempted confirmations, registrations or Shipper asset updates to the C&D store. In the case of a Withdrawn Supply Point, if Shipper activity is identified, that post dates the previous registered Shippers' withdrawal date the Gas Safety Visit data will be issued to the relevant Shipper, (whether this be the previous registered shipper or another Shipper). The Transporter Notification will be sent within 10 business days, notifying the relevant Shipper to register the site within 1 month.
7. If a MAM updates the C&D store with Shipper details it is not deemed as Shipper activity, although the Transporter (Xoserve) will confirm with the relevant Shipper if they are responsible. If the Shipper confirms they are responsible the Gas Safety Visit data will be issued within 10 business days, notifying them to complete the Supply Meter Point registration within 1 month. If the Shipper confirms they are not the responsible party the last previously registered Shipper (or registered Shipper for Isolated sites) will be issued the Gas Safety Visit data within 10 business days.
8. If no Shipper activity is identified the last previously registered Shipper (or registered Shipper for Isolated sites) will be issued the Gas Safety Visit data within 10 business days.

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Shipper Activity

9. If other Shipper activity is identified (failed confirmation, registration etc) the relevant Shipper will receive the Gas Safety Activity report and register that site to the appropriate date within 1 month.
10. If registration is not raised by the shipper within 1 month the Transporter (Xoserve) will register the Supply Meter Point on their behalf to an appropriate date.

No Shipper activity after the previous registered Shipper's Withdrawal

11. The last registered Shipper will have 3 months from the date of the notification to investigate and seek resolution of the Supply Meter Point resulting in a registration by either themselves, or another Shipper.
12. Should within that 3 month period the last registered Shipper identify other Shipper activity they will notify the Transporter of the other Shipper activity and the Transporter will notify the other Shipper to register the Supply Meter Point within 1 month.
13. Should there be no registration by the other Shipper within 1 month the Transporter will investigate if the evidence provided by the previously registered shipper is genuine. If the evidence is deemed not to be conclusive the previous registered shipper will still be required to register the Meter Supply Point. If the evidence is deemed to be conclusive the Transporter will manage the exception that this will create. The Transporter will be responsible for communicating to both parties the outcome of the investigation.
14. The last registered Shipper should register the Supply Meter Point from the meter fit date, if known. Where the meter fit date is not known the registration date should be the date of the Transporter notification.
15. Should the last registered Shipper not register the Supply Meter Point within 3 months of the notification, the Transporter will register the Shipper on their behalf back to either the meter fit date, if available or the effective meter removal date. This will provide shippers an incentive to conduct a thorough investigation.

Isolated only Shipper Activity

16. For the scenario of an Isolated only Supply Meter Point the registered Shipper should update meter asset details on the Supply Point Register from the meter fit date, if known. Where the meter fit date is not known the asset update date should be the date of the Transporter notification. Updates to the Supply Point Register should be completed within 1 Month.
17. Should the registered Shipper not update meter asset details on the Supply Point Register within 1 month of the Transporter Notification, the Transporter will update the meter asset details on their behalf either from the meter fit date if known or from the date of the Transporter Notification.

Miscellaneous

18. If the Shipper identifies a duplicate MPRN attached to the meter, they will notify the Transporter (Xoserve) to enable the Duplicate process.
19. If it is ever identified that a Supply contract with the customer is in place, the relevant Shipper will immediately register the Supply Point. The registration

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date will be the earliest of the supply contract start date or the meter fit date. For example a Conquest query will enable the registration of the Meter Supply Point.

20. If during the Supply Point registration process it is confirmed that the customer has signed a new Supply contract with another Supplier and the relevant Shipper has registered the site the process stops. An estimated volume of unregistered energy will be made based on available asset data and meter reads. This volume will be captured by the Transporter (Xoserve) for industry and AUGE purposes.
21. If the investigating Shipper identifies that the details of the visit do not correlate to the correct Supply Meter Point, information will be sent to the Transporter to investigate. The Transporter will investigate (possibly through a site visit) to establish and confirm the correct meter details. If following investigation it is realised the original information was incorrect the Shipper process stops and the Transporter reassess the Supply Meter Point information. If the Supply Meter Point is still Shipperless it will be re-entered into the Shipperless process. In this circumstance the Transporter is to raise a contact on Conquest.

(If it is found that the original visit was incorrect and no meter was found on site the relevant shipper gas safety visit charges will be reimbursed).

Charging, costs and liabilities

22. Relevant Transporter Commodity, Customer Capacity and Energy charges will be applied to the relevant Shipper from the relevant date. For Isolated only sites the Commodity and Energy charges will apply from the date of the meter asset details update.
23. Given that there will be backdated charges applied to Shippers by the Transporter registration will create credits in respect of Energy. A mechanism will be devised to enable a counterbalancing credit to be applied back to the Shipper community.
24. Shippers liability will be limited to 24 months.

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

This modification proposal would facilitate GT Licence Relevant Objectives

Standard Special Condition A11.1 (d): so far as is consistent with subparagraphs (a) to (c) the securing of effective competition:

- (i) Between relevant Shippers;
- (ii) Between relevant suppliers; and/or

This modification identifies measures, which serve to mitigate the likelihood of Shipperless sites occurring. The impact of this is to promote cost targeting on individual Users and mitigate the risks of such costs being otherwise shared to other Users via RbD. Such a mechanism must therefore be considered to facilitate competition in the gas market.

Standard Licence Condition A11.1 (f) Promotion of efficiency in the implementation and administration of the Network Code;

The Measures identified within this modification are likely to bring about an eventual reduction in the overall number of Shipperless sites by reducing the number of new instances. User Registration of Supply Points capable of flowing gas is fundamental to the efficient operation of the UNC.

5 Impacts and Costs

Consideration of Wider Industry Impacts

No Wider Industry impacts identified.

Costs

Indicative industry costs – User Pays
Classification of the modification as User Pays or not and justification for classification
The modification is not classified as User Pays
Identification of Users, proposed split of the recovery between Gas Transporters and Users for User Pays costs and justification
Not applicable
Proposed charge(s) for application of Users Pays charges to Shippers
Not applicable
Proposed charge for inclusion in ACS – to be completed upon receipt of cost estimate from Xoserve
Not applicable

Impacts

Impact on Transporters' Systems and Process	
Transporters' System/Process	Potential impact
UK Link	<ul style="list-style-type: none"> Changes to Transportation Systems will be required
Operational Processes	<ul style="list-style-type: none"> Minor changes will be required to the existing process
User Pays implications	<ul style="list-style-type: none"> No impact has been identified

Impact on Users	
Area of Users' business	Potential impact
Administrative and operational	<ul style="list-style-type: none"> Changes are likely to be necessary, as Users may need to react to unsolicited notifications from the Transporter
Development, capital and operating costs	<ul style="list-style-type: none"> No impact has been identified



Where can I find details of the UNC Standards of Service?

In the Revised FMR for Transco's Network Code Modification

0565 Transco Proposal for Revision of Network Code Standards of Service at the

following location:

www.gasgovernance.co.uk/sites/default/files/0565.zip

Impact on Users	
Contractual risks	<ul style="list-style-type: none">Users may need to recover costs from consumers where the supply contract has previously been terminated. User risks increase should Transporters delay visiting sites once the 12 months period following meter removal has expired.
Legislative, regulatory and contractual obligations and relationships	<ul style="list-style-type: none">No impact has been identified

Impact on Transporters	
Area of Transporters' business	Potential impact
System operation	<ul style="list-style-type: none">No impact has been identified
Development, capital and operating costs	<ul style="list-style-type: none">Low level implementation costs would be incurred by Transporters as a consequence of implementing this modification.
Recovery of costs	<ul style="list-style-type: none">No exceptional method of cost recovery is envisaged
Price regulation	<ul style="list-style-type: none">No impact has been identified
Contractual risks	<ul style="list-style-type: none">No significant risks has been identified
Legislative, regulatory and contractual obligations and relationships	<ul style="list-style-type: none">No significant impact has been identified
Standards of service	<ul style="list-style-type: none">To be confirmed

Impact on Code Administration	
Area of Code Administration	Potential impact
Modification Rules	<ul style="list-style-type: none">No impact has been identified
UNC Committees	<ul style="list-style-type: none">No impact has been identified
General administration	<ul style="list-style-type: none">No impact has been identified

Impact on Code	
Code section	Potential impact
	<ul style="list-style-type: none">To be confirmed

Impact on UNC Related Documents and Other Referenced Documents	
Related Document	Potential impact
Network Entry Agreement (TPD I1.3)	<ul style="list-style-type: none"> No impact has been identified
Network Exit Agreement (Including Connected System Exit Points) (TPD J1.5.4)	<ul style="list-style-type: none"> No impact has been identified
Storage Connection Agreement (TPD R1.3.1)	<ul style="list-style-type: none"> No impact has been identified
UK Link Manual (TPD U1.4)	<ul style="list-style-type: none"> No impact has been identified
Network Code Operations Reporting Manual (TPD V12)	<ul style="list-style-type: none"> No impact has been identified
Network Code Validation Rules (TPD V12)	<ul style="list-style-type: none"> No impact has been identified
ECQ Methodology (TPD V12)	<ul style="list-style-type: none"> No impact has been identified
Measurement Error Notification Guidelines (TPD V12)	<ul style="list-style-type: none"> No impact has been identified
Energy Balancing Credit Rules (TPD X2.1)	<ul style="list-style-type: none"> No impact has been identified
Uniform Network Code Standards of Service (Various)	<ul style="list-style-type: none"> No impact has been identified

Impact on Core Industry Documents and other documents	
Document	Potential impact
Safety Case or other document under Gas Safety (Management) Regulations	<ul style="list-style-type: none"> No impact has been identified
Gas Transporter Licence	<ul style="list-style-type: none"> No impact has been identified

Other Impacts	
Item impacted	Potential impact
Security of Supply	<ul style="list-style-type: none"> No impact has been identified
Operation of the Total System	<ul style="list-style-type: none"> No impact has been identified
Industry fragmentation	<ul style="list-style-type: none"> No impact has been identified
Terminal operators, consumers, connected system operators, suppliers, producers and other non code parties	<ul style="list-style-type: none"> Consumers may not be able to identify the relevant supplier until they start using gas and are identified as such by the Transporter

6 Implementation

Systems changes are likely to be necessary to facilitate implementation of this modification. As part of its development, consideration will need to be given to identifying an optimum timetable for implementation. Consequently an implementation date is not identified at this point.

The Workgroup understood that this modification will be effective on a prospective basis only. Its terms apply with respect to any Supply Meter Point, which has been Isolated or any Supply Point where the Isolation has become effective through Withdrawal no earlier than the implementation date. For the avoidance of doubt no charges identified within this modification would be retrospectively applied to any User in respect of any period prior to the implementation date nor would any re-registration of the Relevant User in respect of a previously Withdrawn Supply Point be required in respect of any period prior to the implementation date.

However, it is proposed that, subject to the appropriate direction from the Authority, and after a suitable period of development, notwithstanding that systems development may be necessary, the modification should be implemented as soon as reasonably possible.

7 The Case for Change

None in addition to that identified the above.

8 Legal Text

Draft Text

The following Draft Legal Text was prepared by National Grid, and no issues were raised by the Workgroup regarding its content.

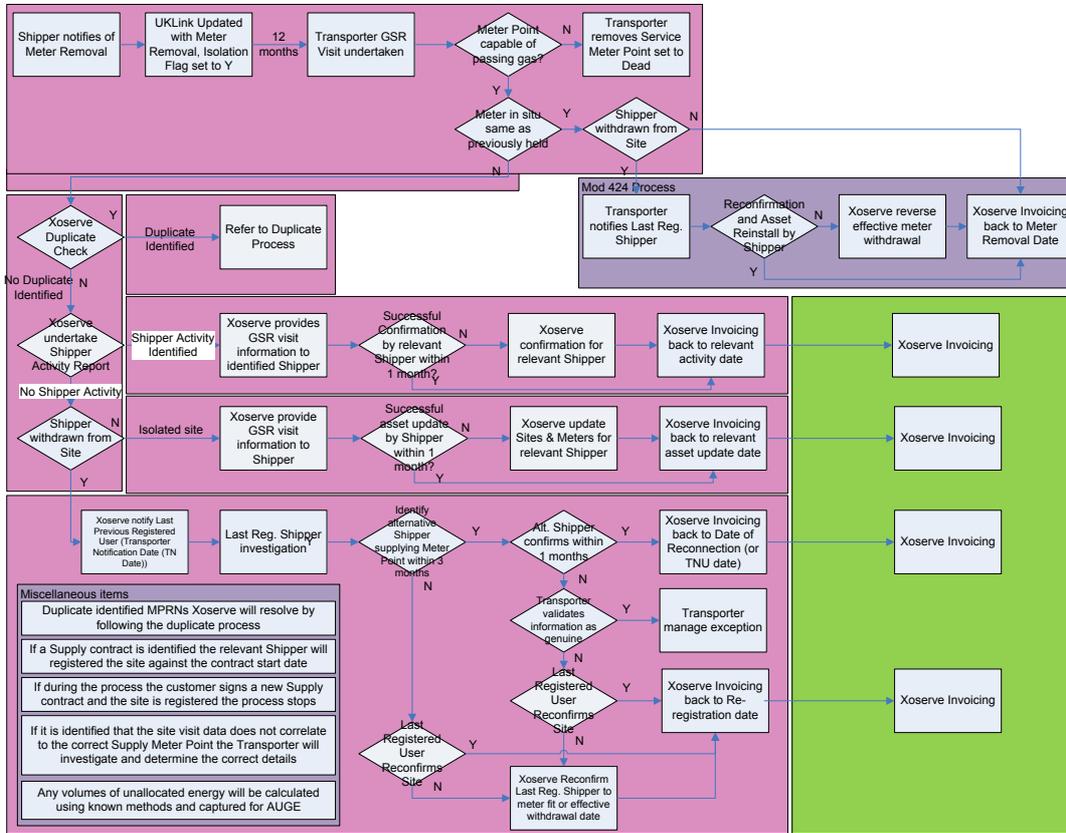
9 Recommendation

The Workgroup invites the Panel to:

- AGREE that this modification should be submitted for consultation.

10 Appendices

Re-establishment of Supply Meter Points process flow



Shipper Liabilities

