

Stage 02: Workgroup Report

0472:

Restricting the number of registration attempts by a Gas Shipper

At what stage is this document in the process?



This modification seeks to restrict the number of registration attempts a Gas shipper can make when 'gaining a customer'.



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



High Impact:



Medium Impact:



Low Impact:
Shipper Users

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About this document:

This report will be presented to the panel on 17 April 2014.

The panel will consider whether the modification should proceed to consultation or be returned to the workgroup for further assessment.

	
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1 Summary

Is this a Self-Governance Modification?

The Modification Panel determined that this is not a self-governance modification because it is likely to have material effect on competition and consumers.

Why Change?

At the moment there is no restriction on the number of registration attempts that a Shipper can make when 'gaining' a customer. This can lead to numerous repeated attempts to register the customer when this is not appropriate, for example when the customer is under contract to their existing Supplier. These repeated registration attempts are inefficient.

Solution

We believe that a restriction in the number of registration attempts where customers are under contract is required to prevent multiple unwarranted registration attempts. The inclusion of additional wording is intended to provide this, whilst ensuring that where there is valid contradictory evidence further attempts may still be made.

Relevant Objectives

Implementation of this proposal will facilitate Relevant Objective C - – "the efficient discharge of the licensee's obligations" and D, "securing of effective competition" by freeing Shippers and suppliers to focus on other aspect of customer service rather than expending resource in dealing with erroneous registration terms.

Implementation

Implementation costs are not known; while no implementation timescale is proposed, the change should be made as soon as practicable.

2 Why Change?

At the moment there is no restriction on the number of registration attempts that a Shipper can make when 'gaining' a customer. However, if the customer is under contract with their existing Supplier this can lead to the objection process being invoked. Even after the objection is upheld, the Shipper can attempt to register again immediately afterwards and this registration and objection process by Shippers and Suppliers can be repeated time and again. This is inefficient for the existing supplier and in addition leads to accusations of a high number of objections - when in fact many are 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.

3 Solution

Simply an addition to the wording of the UNC TPD Section G, which would be self policing (see below for text).

2.1.1.1 A User may apply to become a Registered User in respect of a Supply Point under a specific contract no more than four times unless it has valid and demonstrable evidence that the Existing Registered User does not have reasonable grounds to submit a further objection to the Transporter in respect of that Supply Point.

Draft Business Rules.

- 1) Incoming Supplier believes it has a valid contract with customer for a new contract period.
- 2) Its Shipper applies to become a registered user of the supply point under a specific contract for 1 – 4 attempts but existing Shipper objects (most usually if it has an existing contract or customer is in debt). *
- 3) Proposing Shipper may only make a 5th or subsequent registration (confirmation) attempt if it has valid evidence from the customer that the reasons for objecting to the registration attempts have been resolved (for example, notice given, contract ended, debt repaid). * The Proposing Shipper should make a record of such a confirmation (that is, 'demonstrable evidence').
- 4) If the current Shipper continues to object, the Proposing Shipper may contact it to require an explanation of the circumstances of the 5th or subsequent confirmation. Where the current Shipper accepts this, the confirmation may proceed. In circumstances where the explanation provided by the Proposing Shipper is not acceptable to the current Shipper and a dispute occurs both parties are required to enter into a dialogue to seek agreement on whether a 5th or subsequent confirmation may be made or otherwise. Where such agreement is not forthcoming no 5th or subsequent confirmation may be made.
- 5) For the avoidance of doubt, this rule applies only to genuine registration attempts; technical rejections are not subject to these rules.

Supporting Notes

*The existing Supplier, under existing supply licence regulations, must write to the customer to explain the reason for the objection and what the customer must do to resolve the issue(s).

* The customer should have the reasons for objecting, in writing, from the current Supplier; and should therefore be able to confirm when these have been resolved.

- Losing suppliers warrant that where they prevent supplier transfers it is for valid reasons set out in their contract.
- Gaining suppliers warrant that where they attempt to gain customers they have a valid contract. No more than 4 attempts (excluding those re-attempts caused by technical rejections) will be made to gain a customer during a contract period unless the gaining supplier can demonstrate that the existing supplier is objecting erroneously.
- Potential infringements may be raised with the existing supplier and escalated to the Authority.

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User Pays

Classification of the modification as User Pays, or not, and the justification for such classification.

This Proposal is not User Pays because no user pays service is created or amended, and no Transporter Agency costs are anticipated as a result of implementation.

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.

None

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

None

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

None

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.	Positive
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.	None
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

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.

5 Implementation

No specific implementation date is proposed.

Implementation costs are not known, but should be minimal given that the change requires only a change to the wording of the UNC and not system changes.

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

6 Legal Text

Suggested Text

It is proposed that section G of the UNC is modified as below and a new paragraph for the UNC is inserted

2. Supply Point Registration

*2.1.1.1 A User may apply to become a Registered User in respect of a Supply Point **under a specific contract** no more than four times unless it has valid **and demonstrable** evidence that the Existing Registered User does not have reasonable grounds to submit a further objection to the Transporter in respect of that Supply Point.*

7 Recommendation

The Workgroup invites the Panel to:

- AGREE that this modification should be submitted for consultation.