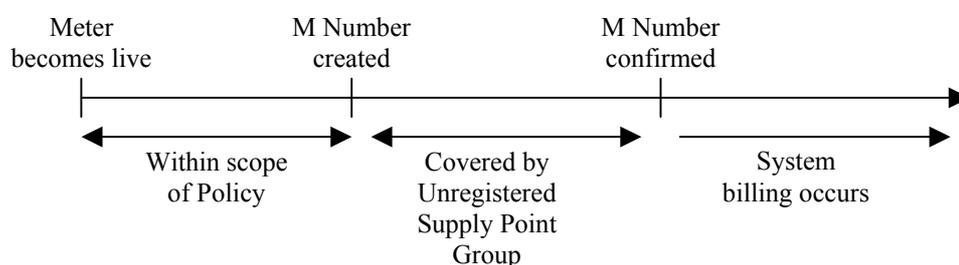


M Number Creations – DRAFT Policy & Principle for Retrospective Invoicing

1 Scope

- 1.1 This document summarises the proposed policy and principle for calculating and issuing retrospective charges for M Number Creations. It covers potential charges for periods up to the date of creation of the M Number.
- 1.2 Charges for periods after M Number creation and before confirmation of the meter point by a Shipper are outside of the scope of this document, and are being dealt with by a sub-group of the CPM Operational Forum.
- 1.3 **Example**



2 Background

- 2.1 Since IQR Close-Out a number of M Numbers have been created for sites where meters were already installed and gas was being offtaken, but which had not previously been recorded on Sites & Meters. In some circumstances the end consumer has never received gas bills for the site, while in others the end consumer is registered on a Shipper's system and is receiving bills. In either scenario, UKLink billing will not take place until the M Number has been confirmed into a Shipper's portfolio.
- 2.2 A separate review is considering the issues around retrospective charging where a delay occurs between M number creation and registration. That is therefore outside the scope of this document, which only covers the period up to creation.

2.3 Current invoicing position

- 2.3.1 There is currently no established process to raise invoice charges for the period before the M Number was created, while the site was burning gas. A principle is therefore required for the calculation and issue of retrospective charges for the period before system billing commences.
- 2.3.2 The above means that no capacity charges have been levied for the meter.
- 2.3.3 Any energy consumed by the meter will have been borne by the Shippers supplying the smaller supply points in the relevant LDZ, proportional to their existing market share. The amount of this energy cannot be quantified, since the start date and rate of consumption cannot be ascertained with certainty, particularly for those meters that were not on Shippers' records prior to being created on UKLink.

3 Invoicing principle

3.1 Scenario 1: no end consumer billing

3.1.1 Where the end consumer has not and will not be billed for the period before M Number creation, no retrospective charging will take place.

3.2 Scenario 2: end consumer is billed

3.2.1 Where the end consumer has been or will be billed for the period before M Number creation, retrospective charges will be issued. The relevant period will start on the latest of:

- start of end consumer billing,
- 1 February 1998, or
- competition effective date

and end on the day before M Number creation.

3.2.2 Shippers will be asked to provide details of the relevant period (as described above) for all sites, and the start and end reads for sites with AQ of 73,200 and over. Transco will require Shippers to provide written confirmation that no end consumer billing has taken place for a site.

3.2.3 Prior to the competition effective date, if a meter was known to British Gas Trading and was recorded on their billing systems, British Gas Trading have already received monopoly transportation charges for that meter. No other Shipper can be charged for a period before the competition effective date, when they were not allowed to supply that meter.

4 Calculation principles

4.1 AQ of 73,200 kWh and over

4.1.1 For sites with AQ of 73,200 kWh and over (subject to meter point reconciliation) the following charging will take place:

- Capacity charges (NTS Exit, LDZ and Customer) based on the configuration (AQ, SOQ etc) of the first live confirmation after M Number creation
- Energy and Commodity charges will be calculated using the actual consumption for the relevant period. This actual consumption will use the start read and end read of the relevant period (see 3.2.1 above), and the asset details of the relevant meter(s). These charges will be issued as Reconciliation (TRE and GRE). Any reconciliation will be subdivided into variance periods, and will be charged at the appropriate prices.

4.2 AQ up to 73,200 kWh

4.2.1 For sites with AQ up to 73,200 kWh (subject to reconciliation by difference) the following charging will take place:

- Capacity charges (NTS Exit, LDZ and Customer) based on the configuration (AQ, SOQ etc) of the first live confirmation after M Number creation
- Meter point reconciliation does not take place for Smaller Supply Points, therefore Energy and Commodity charges will be based on the allocation for a meter of that AQ in that LDZ for the relevant period. The charges will be calculated using the configuration (AQ,

SOQ, EUC etc) of the first live confirmation and the load profile allocation factors for the relevant period. Any reconciliation will be subdivided into variance periods, and will be charged at the appropriate prices.

4.3 Reconciliation by Difference impact

- 4.3.1 The opposite impact of the above debit reconciliation charges will be credited via the following month's RbD invoice, based on the Meter Read Frequency of the first live configuration of the relevant meter(s).

5 Invoicing process

- 5.1 Charges will be calculated after the M Number has been confirmed and issued periodically via an Ad-Hoc invoice.
- 5.2 All charges will be invoiced and payable in accordance with Section S of Network Code.

6 Dependencies

- 6.1 Implementation of this draft policy for smaller supply points is dependent on the approval of Network Code Modification 327.