

Review Group 0384 – ‘Review of ‘M’ Number Creations’

Interim Report for Modification Panel – 20 July 2000

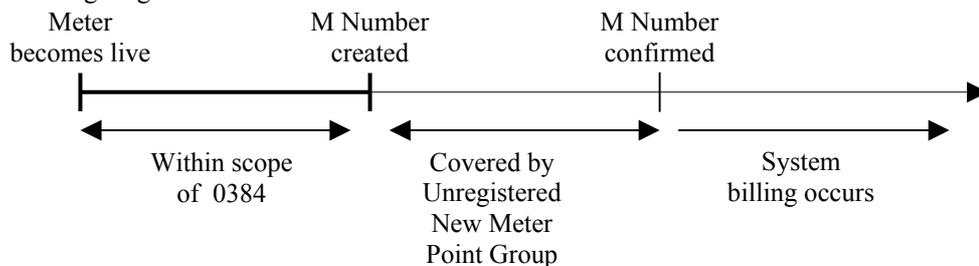
Summary

Review Proposal 0384 was raised by TXU Eastern and received by Transco on 9 February 2000. The Proposal was discussed by the Network Code Modification Panel on 17 February 2000 which directed that a Review Group be convened. The group first met on 7 March 2000.

The Review Proposal suggests that shippers may have meter points on their billing systems that are not registered on PGT systems. TXU believe that evidence of this may be based on the amount of ‘M’ numbers created by Transco. It suggests that as a result of this, registration problems may occur when an end-user wishes to change supplier.

The Proposal details possible financial implications that unregistered sites have on the rest of the domestic shipping community. The proposer also expresses the view that improvements in the Network Code ‘M’ number creation process may be appropriate.

A principal area of group debate is concerned with identifying financial responsibility within the community for meter points where gas may have been offtaken prior to ‘M’ number creation. The following diagram illustrates this:



‘M’ number creation occurs with respect to ‘existing’ sites when meters are ‘found’ either by Transco, shippers or end customers. As Transco has had no previous knowledge of the existence of the meter, detailed analysis has been required in two specific areas as a prerequisite to discussion

- Statistics relating to ‘M’ numbers created by CPM since February 1998.
- Root cause analysis for ‘M’ number creation.

A principle has been identified by the group whereby retrospective transportation charges should be applied with respect to a meter point offtaking gas prior to ‘M’ number creation and registration, in circumstances where the end customer has been charged under a supply contract. The group has reached a stage where it is necessary to consider and identify industry responsibility for meter point charges although no potential Network Code changes have so far been identified by the group.

A number of options for retrospective correction are under consideration, without requirement for amendment to the Network Code.

Meetings held

The Review Group has met on three occasions.

Concerns have been expressed with regard to the apparent limited progress made to date. Transco acknowledges that progress has been methodical but maintains that this is a result of the extensive analytical work being undertaken by its CPM department in producing relevant information which has formed the basis for discussion. It has been suggested that more rapid progress may have been possible if items such as producing an invoice reconciliation methodology and developing business principles for accepting responsibility for charges had been debated in parallel with Transco undertaking its

analysis. Transco, however, believes that it is of fundamental importance that robust information be produced which provides a basis for determining the optimum solution. Transco maintains that this is particularly important given that community 'claims' relating to 'M' number creation have varied widely and have been largely unsubstantiated. This gives rise to the risk of solutions being identified which are not commensurate with the overall size and nature of the problem.

Analysis of 'M' Number Creations

Since the start of February 1998, to April 2000 52,840 'M' numbers (non-greenfield) have been created. This figure comprises:

| | |
|----------------------|--------|
| Domestic confirmed | 36,785 |
| Domestic unconfirmed | 13,765 |
| I&C confirmed | 1,661 |
| I&C unconfirmed | 629 |

In response to a request by the group, Transco also produced a breakdown by LDZ of the above information. No significant variations or concentrations of 'M' number creations were identified on any particular LDZ other than where that concentration had arisen as a result of a migration issue.

The above statistics exclude the current project being undertaken to resolve the BGT dummy 'M' number issue (circa 25,000 'M' number creations).

Unregistered meter points

The issue of unregistered meter points is being addressed in detail by the 'Unregistered New Meter Points' group which is accountable to the CPM Operational Forum. Satisfactory progress has been made by this group for which agreement in principle has been forthcoming for the application of retrospective charges where ownership prior to registration is not in dispute. As part of the process individual portfolios of unregistered meter points (with meter assets attached) have been issued to shippers for action.

In order to address the situation where non 'greenfield' 'M' numbers have been created but have not been registered, Transco has in addition issued portfolios (including unregistered sites without meter assets attached) to shippers for action.

'M' Number Creation Process

Transco has taken the opportunity to share and review with group members the process by which it creates 'M' numbers. This involves a series of nine systems checks including, where appropriate, reference to BGT's systems.

Transco has also shared with the group 'M' number creation data on a month by month basis detailing creations in proportion to requests. In total of 12,691 requests in the first six months of 2000, 5,127 resulted in an 'M' number creation by CPM.

Process improvements have been identified by Transco in the following areas:

- That Transco monitors all future 'M' number creations through to registration.
- That following completion of the 'dummy' 'M' number exercise being undertaken in conjunction with BGT, subject to an interim 'trial' period, Transco no longer checks with BGT to identify whether it is billing the customer.
- That Transco automates the 'ADJ1' process whereby it seeks to recover retrospective transportation charges where an 'M' number is created.

Invoicing methodology

Transco has developed a draft retrospective invoicing methodology which has been discussed by the Review Group. (Appendix).

Root Cause Analysis

At the Review Group meeting held on 7 July 2000, Transco presented details of its analysis of the root causes behind 'M' number creation.

In summary, the following information was presented to the Review Group indicating % of problem caused by:

- Migration: 19%
- Siteworks: 3%
- Found meters: 78%

Next Steps

As a result of group discussion Transco plans to initiate the following activities:

- To confirm the retrospective billing position with all shippers, i.e. Transco will write to all shippers asking them to confirm whether they have billed any sites in the period prior to creation of an 'M' number.
- Complete the process for 'M' number creation associated with 'dummy' MPRNs with BGT.
- Resolve disputed unconfirmed 'M' numbers (in association with work ongoing within 'Unregistered New Meter Points Group).
- Undertake a 'line by line' resolution of all unconfirmed 'M' numbers with all shippers.

The next meeting of the group is tasked with assessing a range of issues which may lend themselves to retrospective invoicing.

While progress so far has concentrated on the immediate issues identified in the Modification Proposal, i.e. community responsibility for gas offtaken prior to 'M' number creation, the Review Group has determined that all 'retrospective' issues associated with unregistered supply points, particularly those concerning the application of invoice adjustments should be addressed consistently.

It has therefore been agreed that the next meeting of the Review Group should be held on the same day as the 'Unregistered New Meter Points' group (which is addressing unconfirmed meter points related to the period after 'M' number creation). This is planned to take place on 15 August 2000.

Review Group 0384 will have been in existence for six months in August 2000. **Modification Panel approval is therefore sought for an extension of two months to permit the group to complete its work.** This would enable a Review Group Report to be submitted to the October 2000 Modification Panel meeting.