

Bob Fletcher
Joint Office of Gas Transporters
31 Homer Road
Solihull
B91 3LT

7 January 2011

Dear Bob,

Re: UNC Modification Proposal 0344 – Removal of the D+1 11am meter read liabilities regime for DM Voluntary (DMV) Supply Points

Thank you for the opportunity to provide representation of the above noted Modification Proposal. Northern Gas Networks (NGN) is supportive of this Modification Proposal. Please find below NGNs comments in respect of the Modification Proposal.

Shipper elected Daily Metered (DMV) sites are subject to the day after the day 11am liability regime, which is based on the requirement for Transporters to provide Valid Meter readings for Daily Metered sites by 11am on the following day that the read relates to.

This liability approach, when first instigated, was an appropriate means of incentivising the monopolistic provider to carrying out adequate service levels for all users. The Supply Points included in this Modification Proposal have an Annual Quantity (AQ) below the mandatory daily read requirement, and are therefore taking this service on a voluntary basis from the Transporters. The implementation of Modification 0224 (Daily Meter Elective (DME)) further provides for a shipper provision of this service in addition to the existing Transporter DMV service, making this a competitive market that we believe is more effective than the liability approach. As a result, we believe that there should be no requirement for Transporters to have more stringent requirements when providing a Daily Metered service than that provided by shippers.

Removal of the liability in this area would not in itself change the operational processes for obtaining and providing the read, therefore this Modification Proposal would be unlikely to impact on the existing levels of read provision by 11am on D+1. As the sites which are DMV have lower AQ and impact on the network, the removal of these liabilities will allow Transporters to focus on the more strategic DM Mandatory Supply Points which can have a material impact on the daily balancing and settlement regime.

We agree with the Proposer that this would help fulfil the relevant objective A11.1 (a) 'the efficient and economic operation of the pipe-line system to which this licence relates'. By removing the obligation on Transporters to attend DMV sites it will incentivise them to prioritise attending faults at mandatory DM sites, which can play a material part in the efficient operation of the pipe-line system.

As this will also help regulate and incentivise the service through competitive pressures rather than liabilities it will also help facilitate the achievement of relevant objective A11.1 (f) 'Promotion of efficiency in the implementation and administration of the Code'.

I hope these comments will be of assistance and please contact me should you require any further information in respect of this response.

Yours sincerely,



Joanna Ferguson
Network Code Manager

