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06<sup>th</sup> January 2011.  
Your Reference:UNC Modification Proposal 0345.

**Re: UNC Modification Proposal 0345:**  
**'Removal of Daily Metered voluntary regime'**

Dear Bob,

Thank for your invitation seeking representations with respect to the above Modification Proposal.

National Grid Gas Distribution (NGD) would like to offer support for implementation albeit with qualification.

With the implementation of UNC Modification Proposal 0224 'Facilitating the use of AMR in the Daily Metered Elective Regime' we believe it is a timely opportunity to examine options for the removal of the Transporter obligations for Daily Metered (DM) read provision from the UNC. In principle, NGD believes that it is inappropriate to 'mix' regulated and unregulated services and unsustainable for the UNC to retain 'bundled' activities where competition exists in this case with the existence of the DM 'elective' (DME) provisions, although we note, at the time of writing, there has not been any significant activity or uptake of DME.

We are aware that similar circumstances existed some years ago with respect to the Non-Daily Metered (NDM) Network Code where the industry moved to a fully liberated read procurement regime by eliminating the majority of Transporters' Meter Reading obligations from Transco's Network Code.

However, the scope of the Proposal is restricted to DM 'voluntary' (DMV) categorised Supply Points. While this is an opportunistic first step, the limiting of the Proposal to a sub-set of the DM population does present NGD with some financial issues. Given that a significant proportion of our costs associated with provision of the DM Read service relate to the operation of our service provider's systems, they are effectively fixed and would not diminish proportionately with the reduction in the Daily Read Equipment ('datalogger') population. Conversely, the reduced number of chargeable dataloggers in service would lessen our income to a greater extent. Furthermore, whilst the lower number of operational dataloggers would mitigate our contractual risk in terms of liabilities, given the resilience of the systems employed, the risk reduction is marginal.

The treatment of income from the daily read service is a complex matter, firstly the income from the service is accounted for through the Metering Activities form of control and, secondly, the DM read provision aspect of the service is tariff capped. Consequently we believe that, while implementation would be a step in the direction to full unbundling of the DM service, we believe it would be more satisfactory and efficient if all aspects of the DM regime were examined as a single issue rather than via this piecemeal approach

Relevant objectives:

We concur with the views of the Proposer that the measures identified within Modification Proposal 0345 would facilitate the GT Licence 'relevant objectives', particularly sections d) and f), as identified within the Draft Modification Report.

We also note that in Section 3, 'Solution', there is a statement:

"All Supply Points that are still DMV, and eligible to participate in the DME regime but have [not] done so, at the end of each transition period will have to become Non-Daily Metered (NDM). Users will have an obligation to make these sites NDM and, if they fail to do so, the Transporters would have the right to carry this out on their behalf".

We understand the principle of this statement but would suggest that in the event that, as the end of each transition period approaches, relevant Supply Points remain in the DMV category and action is necessary, Transporters would need to engage with Users to determine how this would be best achieved.

We trust that this information will assist in the compilation of the Final Modification Report.

Please contact me on 01926 653541 (chris.warner@uk.ngrid.com) should you require any further information.

Yours sincerely,

Chris Warner  
Network Code Manager, Distribution.