

Modification Report
Modification Reference Number 0089
Opening Read Process - Receipt Window

This modification report is made pursuant to Rule 9 of the Modification Rules and follows the format required under Rule 8.12.4.

1) Circumstances Making This Modification Urgent

In accordance with Rule 9.2(a) Ofgas has agreed that this modification should be treated as URGENT in order to allow implementation in time (if approved) to facilitate the next phase of Domestic Competition scheduled for 10 February 1997.

2) Procedures Followed

TransCo agreed with Ofgas (and has followed) the following procedures for this Proposal:

Modification Proposal circulated	Tuesday 5 November
Close-out for representations	Tuesday 19 November
Modification Report	Wednesday 27 November
Decision anticipated by	Monday 2 December

3) The Modification Proposal;

The Modification Proposal is to change the earliest date that an estimated opening read is transmitted from D+7 to D+10 Business Days, where D is the Registration date. (The latest date that an estimated opening read will be transmitted will continue to be 5 Business Days after this earliest date at D+15 Business Days.)

This proposed change will affect the whole of the competitive market as it is not possible, in the time scale available, to develop separate functionality for Domestic and non-Domestic supply points.

4) TransCo's Opinion;

It is everyone's interest (Shippers, suppliers and consumers) to use actual reads rather than system generated estimated reads for Shipper transfer reads (opening reads). Implementation of this modification would give TransCo more time to ensure that rejected reads had been appropriately rejected and, as required, to reenter previously rejected reads.

5) Extent to which the modification would better facilitate the relevant objectives;

One of the lessons learnt from Domestic Competition Phase 1 was that great confusion arises in the market, particularly with consumers, if they receive invoices based on estimated reads where an actual read is taken. In order to facilitate Domestic competition actual reads should be used wherever possible.

6) The implications for TransCo of implementing the Modification Proposal, including:

a) implications for the operation of System and any BG Storage Facility;

Not applicable

b) development and capital cost and operating cost implications

There will be some systems development costs in implementing this proposal.

There will be additional operating costs in processing inappropriately rejected reads, but this will be more than offset by the reduction in queries that would be generated by inappropriately using estimated reads.

c) extent to which it is appropriate for TransCo to recover the costs, and proposal for the most appropriate way for TransCo to recover the costs;

An allowance has been made within TransCo's cost base for developments associated with the implementation of domestic competition.

d) analysis of the consequences (if any) this proposal would have on price regulation;

There would be no additional consequences on price regulation as a result of implementing this proposal.

7) The consequence of implementing the Modification Proposal on the level of contractual risk to TransCo under the Network Code as modified by the Modification Proposal;

There is a potential impact on liabilities for cyclic reads. TransCo will not process a cyclic read until 10 Business Days after a supply point transfer where an opening read has not been provided. This may result in increased liability payments.

8) The development implications and other implications for computer systems of TransCo and related computer systems of Relevant Shippers;

TransCo's computer systems will need to be modified in order to implement the proposal. It is anticipated that this can be achieved for the start of Domestic Competition Phase 2

No specific implications for Relevant Shipper's computer systems have been identified.

9) The implications of implementing the modification for Relevant Shippers,

The implications of implementing this modification are greatest on withdrawing Shippers who may have to wait in excess of 10 Business Days (possibly up to 15 Business days) before they can produce an invoice to close their account with the consumer. There will also be less time to agree and process an Agreed Opening Meter Reading before the next cyclic read is processed.

- 10) The implications of implementing the modification for terminal operators, suppliers, producers and any non-Network Code Party;

Suppliers will have a greater degree of certainty that actual opening reads are used, rather than estimated opening reads.

- 11) Consequences on the legislative and regulatory obligations and contractual relationships of TransCo and each Relevant Shipper and Non-Network Code Party (if any), of the implementation of the Modification Proposal;

The modification would allow those meter reads that have been correctly, but inappropriately rejected, to be reentered and used. This will help to minimize metering and invoice disputes.

- 12) Analysis of any advantages or disadvantages of the implementation of the Modification Proposal;

The main advantage is that there is a greater probability that actual opening meter reads will be used rather than estimated opening meter reads.

The disadvantage is that the withdrawing Shipper may have to wait in excess of 10 Business Days before they can close their account with the consumer. The modification will also reduce the time available to agree an Agreed Opening Meter Reading, if the estimate is disputed, before the next cyclic read is processed. There is also a potential impact on liability payments as TransCo will not be able to process any cyclic read until 10 Business Days after a supply point transfer where an opening read is not provided.

- 13) Summary of the representations (to the extent that the import of those representations are not reflected elsewhere in the modification report;

The modification proposal is supported in principle in all representations.

BGT are concerned about the impact that the extended time has on their ability to meet targets for issuing final accounts, a view for which ENG expressed some sympathy. BGT would like the modification to only be for a fixed period relating to Domestic Competition Phase 2.

Kinetica would like the time that the estimated read is forwarded to be as long as possible.

TransCo Response

The proposed modification provides a reasonable balance between allowing sufficient time to ensure that an actual read is used and the time for the withdrawing Shipper to close their account with the consumer.

On balance, TransCo feel that it is best to raise a future modification to change the process again, should this prove desirable, rather than to make this modification for an interim period only and then potentially have to reinstate it by a new modification.

There is a need for a continued and ongoing review of the opening read process as has already been recognized by Modification Review Group 0071.

- 14) The extent to which the implementation is required to enable TransCo to facilitate compliance with safety or other legislation;

Not applicable.

- 15) Having regard to any proposed change in the methodology established under Standard Condition 3(5) or the statement; furnished by TransCo under Standard Condition 3(1) of the Licence;

Not applicable.

- 16) Programme of works required as a consequence of the implementation of the Modification Proposal;

The necessary system changes will be made by the start of Domestic Competition Phase 2 should approval for this modification be given by early December.

- 17) Proposed implementation timetable;

See 16) above.

- 18) Recommendation for the implementation of the modification;

TransCo recommends that this modification be implemented.

- 19) Restrictive Trade Practices Act

If implemented this proposal will constitute an amendment to the Network Code. Accordingly the proposal is subject to the Suspense Clause set out in the attached Annex.

- 20) TransCo Proposal

This Modification Report contains TransCo's proposal to modify the Network Code and TransCo now seeks a direction from the Director General in accordance with this report.

- 21) Text provided pursuant to Rule 9

Amend M3.8.5 to read as follows:

"...TransCo will not earlier than 10 Business Days nor later than 15 Business Days after the Supply Point Registration Date provide such notional Meter Reading...."

Signed for and on behalf of British Gas TransCo.

Signature: P Monk
Date: 27 NOV 96
Name: P. T. MONK
Position: NETWORK CODE MANAGER

Director General of Gas Supply Response

In accordance with Condition 7 (10) (b) of the Standard Conditions of Public Gas Transporters' Licences dated 21st February 1996 I hereby direct British Gas TransCo that the above proposal be made as a modification to the Network Code.

Signed for and on behalf of the Director General of Gas Supply.

Signature:
Date:
Name:
Position:

The Network Code is hereby modified, with effect from 6/2/97 in accordance with the above proposal.

Signature:

Secretary Modification Panel
British Gas TransCo

Modification Number 0089

Director General of Gas Supply Response

In accordance with Condition 7(10)(b) of the Standard Conditions of Public Gas Transporters' Licences dated 21 February 1996 I hereby direct British Gas TransCo that the above proposal be made as a modification to the Network Code.

Signed for and on behalf of the Director General of Gas Supply.

Signature:



Date: 29 NOVEMBER 1996

Name: N. NASH

Position: COMPETITION + LICENSING

ANNEX

Restrictive Trade Practices Act - Suspense Clause

For the purposes of the Restrictive Trade Practices Act 1976, this document forms part of the Agreement relating to the Network Code which has been exempted from the Act pursuant to the provisions of the Restrictive Trade Practices (Gas Conveyance and Storage) Order 1996. Additional information inserted into the document since the previous version constitutes a variation of the Agreement and as such, this document must contain the following suspense clause.

1. Suspense Clause

1.1 Any provision contained in this Agreement or in any arrangement of which this Agreement forms part by virtue of which this Agreement or such arrangement is subject to registration under the Restrictive Trade Practices Act 1976 shall not come into effect:

- (i) if a copy of the Agreement is not provided to the Director General of Gas Supply (the "Director") within 28 days of the date on which the Agreement is made; or
- (ii) if, within 28 days of the provision of the copy, the Director gives notice in writing, to the party providing it, that he does not approve the Agreement because it does not satisfy the criterion specified in paragraph 2(3) of the Schedule to The Restrictive Trade Practices (Gas Conveyance and Storage) Order 1996.

provided that if the Director does not so approve the Agreement then Clause 1.2 shall apply.

1.2 Any provision contained in this Agreement or in any arrangement of which this Agreement forms part by virtue of which this Agreement or such arrangement is subject to registration under the Restrictive Trade Practices Act 1976 shall not come into effect until the day following the date on which particulars of this Agreement and of any such arrangement have been furnished to the Office of Fair Trading under Section 24 of the Act (or on such later date as may be provided for in relation to any such provision) and the parties hereto agree to furnish such particulars within three months of the date of this Agreement.