

## Representation

### Draft Modification Report

#### 0466 0466A - Daily Meter Reading Simplification (with improved within day data provision)

**Consultation close out date:** 06 November 2014

**Respond to:** enquiries@gasgovernance.co.uk

**Organisation:** E.ON UK

**Representative:** Colette Baldwin

**Date of Representation:** 06 November 2014

#### Do you support or oppose implementation?

0466 - Oppose

0466A - Oppose

#### If either 0466 or 0466A were to be implemented, which would be your preference?

Prefer 0466A

#### Please summarise (in one paragraph) the key reason(s) for your support/opposition.

We are obligated under the Transporters' network code that sites above a certain threshold sites are fitted with transporter provided daily metering equipment. This is not something that we have any choice in, unlike our NDM sites where we can enter into commercial arrangements with our provider of choice and negotiate contracts on mutually agreeable terms; we are obligated to take a monopoly service from the transporters for meter reading provision, and this has multiple purposes, it facilitates network management, by affording the transporter visibility of the users and amount of gas being consumed, it enables gas allocation and balancing activities in Gemini as well as being provided to the Shipper for billing purposes for the customer.

The GDNs assert that they are not interested in daily meter readings and that the service is expensive and loss making and that they undertake the activity for the benefit of the shippers. They also feel that the liabilities regime that sits around the requirement is costly and adds to the cost burden of this "loss making" service.

However, Shippers are dependent upon the provision of the read service for our DM sites from the GDNs, and consequently the contract they enter into with their service provider. Since we are not party to that agreement and are obligated under the network code to take the service we should be afforded a level of confidence that they have entered into robust, cost effective arrangements (that don't burden

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0466/0466A  
Representation  
06 November 2014

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Version 1.0

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Page 1 of 3

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the customer with unnecessary cost and do represent a fair market value for the service being provided) that enable them to meet the needs of Gemini as well as customer billing.

Whilst we are happy with the proposal to relax the reading provision time in the modification from 11:00 am on D+1 to 12:00 pm on D+1, however the basis of that provision on “reasonable endeavours” basis accompanied by a relaxation in the liabilities regime leave shippers and customers exposed to a number of problems.

During the development of the modification we provided confidential information to the proposer which expressed our concerns that the liabilities regime doesn’t currently sufficiently incentivise the service provider to remedy the failures within the required timescales and consequently we would be concerned that the liabilities regime is being substantially reduced, as well as provision being delivered on a “reasonable endeavours basis”. Any liabilities regime must surely sufficiently incentivise the provider to perform the service to the required standard and to resolve service failures within a reasonable time period to enable other dependent obligations to continue to be met. (We will provide this information in a confidential response directly to Ofgem.)

Since this is a regulated monopoly service we would encourage Ofgem to review the costs of the service against that of commercially negotiated contracts for equivalent services to ensure that the charges are fair and reasonable.

We are also worried that the new services being contracted for maybe less robust than currently. We would like reassurance that for sites where DM reads are mandated by the code that the remote reading capability is being assured by the provider, so that where SMS is being used as an alternative to a fixed line communication, that the service and network coverage are adequate to meet the needs of the DM read requirements.

We are encouraged by the information that the GDNs are fitting pulse splitting equipment to enable shippers to fit their own AMR equipment in the future should those sites become Product Class 2 under Nexus or if DMM is ever unbundled.

**Modification Panel Members have indicated that it would be particularly helpful if the following question(s) could be addressed in responses:**

**How many sites are likely to take up the service?**

I don’t have a view on this at this time.

**Are there any new or additional issues that you believe should be recorded in the Modification Report?**

No

**Relevant Objectives:**

*How would implementation of this modification impact the relevant objectives?*

We agree with the alignment of the proposal to relevant objective F as it doesn’t facilitate any other objective; however we disagree that this will promote efficiency in either the administration or

0466/0466A

Representation

06 November 2014

Version 1.0

Page 2 of 3

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implementation of the network code, since degradation in the service standard and the liabilities regime doesn't improve meeting the obligations under the code, nor does this proposal ensure that a robust service is delivered.

**Impacts and Costs:**

*What analysis, development and ongoing costs would you face if this modification were implemented?*

Mod 466 – no costs

Mod 466A – we have been unable to quantify the costs during this assessment period however, there will be IT costs to allow the readings to be received using the different IX approach to the standard reading files, as well as the IX configuration costs and whatever costs the GDNs look to recover for the services.

**Implementation:**

*What lead-time would you wish to see prior to this modification being implemented, and why?*

We do not have a view on this yet, but given the scale of industry changes we would prefer this were not implemented before Project Nexus.

**Legal Text:**

*Are you satisfied that the legal text and the proposed ACS (see [www.gasgovernance.co.uk/proposedACS](http://www.gasgovernance.co.uk/proposedACS)) will deliver the intent of the modification?*

Yes

**Is there anything further you wish to be taken into account?**

*Please provide any additional comments, supporting analysis, or other information that that you believe should be taken into account or you wish to emphasise.*

No