

Final Modification Report
Modification Reference Number 0108
Amendment to allowable Access-denied for each User

This Modification Report is made pursuant to Rule 8.12 of the Modification Rules and follows the format required under Rule 8.12.4.

1. The Modification Proposal:

The purpose of this proposal is to ensure that TransCo is not unfairly penalised where it is unable to provide a meter reading due to a meter being access-denied.

1b) Procedure Followed

9th December 1996	-	Modification proposal developed by Review Group 0083R
10th December 1996	-	Proposal generated by TransCo
11th December 1996	-	Ofgas declare Modification Proposal as Urgent
18th December 1996	-	Representations close out
19th December 1996	-	Final Modification Report submitted to Ofgas

2. Text provided pursuant to Rule 8.14:

Transition Document Part V, paragraph 3

Amend paragraph 3.3.1(a) to read as follows:

- (a) "...from the 10th Day of the month until the end of, and is not an Access-Denied Meter at any time during, the Monthly Read Window,"

Delete paragraph 3.3.7 and replace with the following:

"3.3.7 For the purposes of paragraph 3.3.4, for any User, in relation separately to month 'n+1' and to month 'n+2', not more than 80% of the Relevant Monthly Read Meters for which in relation to month 'n' TransCo (MR) did not provide Valid Monthly Readings may be Access-Denied Meters."

Amend paragraph 3.4.1(a) to read as follows:

- (a) "...which was a Relevant Meter for the whole of, and is not an Access-Denied Meter at any time during, the period commencing one month before ..."

Delete paragraph 3.4.7 and replace with the following:

"3.4.7 For the purposes of paragraph 3.4.4, for any User, not more than 80% of the Relevant Annual Read Meters for which in relation to a Half-Year Period TransCo (MR) did

not provide Valid Half-Yearly Readings may (in relation to the Second Half-Year Period) be Access-Denied Meters."

Amend paragraph 3.5.1(a)(ii) to read as follows:

- (ii) "...which is an Opening Read Meter and is not an Access-Denied Meter at any time during the period referred to in paragraph (b)(i)"

Delete paragraph 3.5.6 and replace with the following:

"3.5.6 For the purposes of paragraph 3.5.4, for any User, not more than 80% of the Relevant Opening Meters for which in relation to a month TransCo (MR) did not provide Valid Opening Readings may be Access-Denied Meters."

3. TransCo's opinion:

TransCo believe that where a meter is access-denied they should not be subject to liabilities, and that it is therefore inappropriate for there to be a cap on the level of access-denied or for access-denied meters to contribute towards mild performance failures. However, recognising the concerns raised by certain Shippers, TransCo fully support the compromise developed by the Network Code Review Group 0083R.

It is therefore TransCo's opinion that this modification should be implemented on the 23rd December 1996 so that access-denied is better reflected in the meter reading performance for the month of December onwards.

4. Extent to which the modification would better facilitate the relevant objectives:

The Network Code contains a number of rigorous conditions that TransCo must satisfy before it can classify a site as access-denied. For each Shipper, there is a cap on the number of sites that TransCo can claim as access-denied. When the Network Code was implemented TransCo were concerned that the cap of 5%, of the missing reads for the previous month, was inadequate.

The requirement to pay substantial liabilities, where it is unable to provide a meter reading due to a site being access-denied, is penalising TransCo unfairly. These concerns were acknowledged by the Industry and following Modification 0083 the cap was raised to 40% for a trial period. However, the current level of access-denied has exceeded even the 40% cap, and Modification 0083 does not address the further exposure TransCo faces due to access-denied meters contributing towards mild performance failures.

This modification addresses these issues. In addition by reducing the liability payments to access-denied meters it provides an incentive for Shippers to respond to requests for updated access details.

5. The implications for TransCo of implementing the Modification Proposal, including:

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

TransCo is not aware of any such implications.

b) development and capital cost and operating cost implications

None.

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:

It is not TransCo's intention to recover any of the costs that it incurs in respect of this modification. The costs will be accommodated within existing arrangements.

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

TransCo is not aware of any such implications.

6. 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:

TransCo is not aware of any such implications.

7. The development implications and other implications for computer systems of TransCo and related computer systems of Relevant Shippers:

TransCo is not aware of any implications.

8. The implications of implementing the modification for Relevant Shippers:

The implementation of this modification will have a minimal impact on those Shippers who have a small number of access-denied sites. The requirement to pay substantial liabilities where it is unable to provide a meter reading due to a site being access-denied is penalising TransCo unfairly. This modification, whilst not incurring extra costs for Shippers, will reduce the liability payments, and the opportunity to benefit commercially, for those Shippers who have a large number of access-denied sites.

9. The implications of implementing the modification for terminal operators, suppliers, producers and, any Non-Network Code Party:

No such implications have been identified.

10. 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:

TransCo has not been informed of any such consequences.

11. Analysis of any advantages or disadvantages of the implementation of the Modification Proposal:

TransCo is currently experiencing problems with access-denied figures running higher even than the enhanced cap of 40 % allowable under the Network Code. Despite requesting updated access details, in line with the rigorous Network Code conditions, TransCo has received negligible responses, many Shippers not responding at all. TransCo are keen to facilitate this process and are now forwarding the information to Shippers on disk . Access-denied is an industry problem which TransCo are keen to resolve, however a number of Shippers acknowledge that it is not high on their priority list.

A concern regarding this Modification raised by Shippers is that not all of the access-denied cases claimed by TransCo are due to inadequate access details. However, due to the lack of response from Shippers TransCo do not have evidence to support this. TransCo therefore believe that reducing the level of liabilities paid to access-denied meters will incentivise Shippers to respond to requests to update access details, and resolve this issue. Indeed a joint exercise with one Shipper has demonstrated that it is possible to significantly reduce the level of access-denied.

TransCo have also offered to carry out a one off exercise to contact end users directly to improve access details, to date this offer has not been accepted.

It should be noted that access-denied can only be claimed for actual cases, the 80% is a cap not an allowance, therefore this modification will not penalise Shippers who have low figures. In addition if the metering cap is reached for liability payments, all payments are pro-rated. Therefore paying liabilities for sites which are access-denied may reduce the legitimate payments to other Shippers.

12. Summary of the representations (to the extent that the import of those representations are not reflected elsewhere in the modification report):

TransCo have received three responses, of which two support the Modification in principle. (See Attached).

13. The extent to which the implementation is required to enable TransCo to facilitate compliance with safety or other legislation:

This Modification is not required to facilitate compliance with Safety or other legislation.

14. 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;

This Modification is not required to comply with this clause.

15. Programme of works required as a consequence of the implementation of the Modification Proposal:

TransCo will ensure that any necessary changes are made in order to implement the proposal.

16. Proposed implementation timetable:

Implement 23rd December 1996.

17. Recommendation for the implementation of the modification:

TransCo recommend that this Modification is implemented on the 23rd December 1996 so that the access-denied figures are better reflected in the meter reading performance for the month of December onwards.

18. 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.

Signed for and on behalf of British Gas TransCo.

Signature: 

Date: 18th December 1996

Name: Sharon McLaughlin

Position: Network Code Manager

Director General of Gas Supply Response

MOD 0108

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: *Andrew Frewin*
Date: 19 DECEMBER
Name: ANDREW FREWIN
Position: HEAD OF CONSUMER AFFAIRS (OFORS)

The network code is hereby modified, with effect from 23/12/96 in accordance with the above proposal.

Signature: *[Signature]*
Secretary Modification Panel
British Gas TransCo

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.