

98/05/07/06



Modification Proposal 219
Meter Reading Arrangements Post 1 April 1998

7 May 1998

Present Position

From October 1997 the terms on which Transco provided a meter reading service were removed from Transco's Network Code and were replaced by a contract on the same terms as the Network Code, which was intended to end on 31 March 1998. Shippers and Transco had been negotiating a new Incentive Based Meter Reading contract ("IBC") which it was intended would be introduced on 1 April 1998. No agreement could be reached on this contract and Transco offered to extend the existing contract for three months, but without second and third stage liabilities (ratchets). Mobil proposed modification 219 before Transco had offered to extend the existing contract.

Discussions are continuing between Transco and shippers to agree the IBC. Also, Transco has consulted on pricing proposals in accordance with condition 4 of its PGT licence and presented a final proposal to Ofgas. Ofgas has 28 days to decide whether or not to veto the proposal.

Proposal

This modification proposes the reintroduction of meter reading contract arrangements (with standards of service and liabilities as proposed by Modification Review Group 0072) into the Network Code and proposes extending them for a period of 6 months or until such a time as a mutually agreed alternative contract is in place. Mobil believes this will encourage all parties to agree acceptable incentive based meter reading arrangements in a timely manner.

Possible impact on customers

The existing meter reading contract between shippers and Transco would continue to apply including the payment of liabilities.

Timetable

Ofgas did not make a decision on the 'urgency' of this modification and is considering whether agreement is possible on the terms and conditions of the IBC. Discussions are still continuing between Transco, shippers and Ofgas and we will decide on the 'urgency' of these alternative arrangements in due course.

The Ofgas contact for this modification is Cathy Back on 0171-932-1672.
The Transco contact is Michele Ward on 0121-746-4305.