

Modification Report
URGENT Modification Reference Number 0258

Liabilities for failure to allow Aggregation of Meter Points

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 Proposal Urgent:

In accordance with Rule 9.2(a) Ofgas has agreed that this Modification Proposal should be treated as Urgent because the projected deadline for delivery of a systems solution has expired and Transco have not made alternative proposals.

2. Procedures Followed:

Transco agreed with Ofgas the following procedures for this Proposal;

Modification Proposal to Ofgas	13 August 1998.
Ofgas decision regarding urgency	19 August 1998.
Close out for Shipper representations	4 September 1998.
Final Modification Report to Ofgas	5 October 1998.

3. The Modification Proposal:

The Network Code allows for Meter Points be aggregated where they meet acceptable criteria as defined. This includes mixtures of sites which are domestic users with those which are 1&C. The facility is systematised within Transco's UK-Link system, and originally functioned properly.

However, when Transco set up several database partitions as part of the roll-out of Domestic Competition, the functionality stopped working across the partitions. Shippers were therefore given erroneous rejections of valid nominations.

Shippers therefore incur an additional overhead in identifying these rejections and re-inputting the data by manual means to Transco.

When the issue was initially identified, it was agreed that a manual workaround was acceptable as a temporary measure, and that existing liabilities would apply and that Transco would resolve the problem by May 1998. Transco have failed to correct this problem, despite having been aware of it for over 9 months, and have no proposed date for resolving it.

With immediate effect, Transco should be required to make a liability payment of £10/nomination to a Shipper required to use the manual intervention process, until such time as the automated process is back working properly.

4. **Transco's opinion:**

The drive for a technical solution for the early implementation of Domestic Competition phase III was a priority industry requirement. Transco identified that a rapid roll out of competition could be achieved by introducing a partitioned Sites & Meters database. Of necessity, a number of assumptions were made. One of these was that the quantity of I&C/domestic aggregations would be limited and therefore could be catered for by an interim manual procedure prior to development of the a systems solution enabling movement of data across partition (I&C 'M' numbers are currently located on a separate server). Transco have subsequently identified that the provision of such functionality is technically difficult and if implemented would present an unacceptable risk to the integrity of UK-Link. When compared with a declining number of requested aggregations in this category, (250 requests have been received since 1 March 1998), such expenditure is not economic or efficient.

This Modification Proposal is not a solution but is intended to incentivise Transco to develop a robust procedure to deal with the aggregation of industrial & commercial and domestic meter points.

Transco have now developed a manual solution which enables Shippers to carry out aggregations of I&C and domestic Meter Points. On this basis, Transco consider that the modification is no longer required.

The measures to be taken are supported by the SPA/Metering workstream and are summarised as follows:

- Transco propose to proactively identify requests for the aggregation of an I&C and domestic Meter Point and notify the nominating Shipper.
- Transco will ensure that the aggregation request is facilitated by the creation of a new domestic 'M' number on the I&C Sites & Meters database partition. This will require the old 'M' number to be transferred to a holding account and rendered redundant. Transco will, in addition, undertake appropriate aggregation checks and notify Shippers of the outcome.
- If the aggregation request is valid, Shippers will be able to nominate and confirm the required configuration.

The above process will ensure that provided the appropriate procedures are followed, in respect of a request to aggregate an I&C and domestic Meter Point, a valid nomination offer, will be output.

5. **Extent to which the proposed modification would better facilitate the relevant objectives:**

Transco do not believe that this Modification Proposal facilitates the relevant objectives for the following reasons:

- Transco have identified that it is neither economic or efficient to provide a fully systematised solution for the limited number of occasions in which an I&C/Domestic aggregation will occur. With the support of the SPA/Metering workstream, Transco have therefore proposed a manual process which will facilitate such aggregations.
- The modification provides no incentive for the securing of effective competition between relevant Shippers.

6. The implications for Transco of implementing the Modification Proposal, including:

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

None identified.

b) development and capital cost and operating cost implications:

None identified.

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:

The costs to Transco will be treated as ordinary business costs, being dealt with via the formula.

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

None identified.

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:

None identified.

8. The development implications and other implications for computer systems of Transco and related computer systems of Relevant Shippers:

None identified.

9. The implications of implementing the Modification Proposal for Relevant Shippers:

None identified.

10. **The implications of implementing the Modification Proposal for terminal operators, suppliers, producers and, any Non-Network Code Party:**

None identified.

11. **Consequences on the legislative and regulatory obligations and contractual relationships of Transco and each Relevant Shipper and Non-Network Code Party of implementing the Modification Proposal:**

None identified.

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

Advantages:

If a manual solution had not been identified, Shippers would have received a payment in respect of each proposed aggregation of I&C and domestic Meter Point.

Disadvantages:

This proposal does not provide a solution to facilitating the aggregation of industrial & commercial and domestic meter points. Modification to the Network Code is no longer necessary on the basis that Transco plan to implement a manual process which will enable Shippers to receive valid nomination offers where a request is made to aggregate I&C and domestic Meter Points.

13. **Summary of the Representations (to the extent that the import of those representations are not reflected elsewhere in the Modification Report):**

One representation was received in respect of this Modification Proposal which was supportive of its objectives.

14. **The extent to which the implementation is required to enable Transco to facilitate compliance with safety or other legislation:**

Not applicable.

15. **The extent to which the implementation is required having regard to any proposed change in the methodology established under Standard Condition 3(5) of the statement; furnished by Transco under Standard Condition 3(1) of the Licence:**

Not applicable.

16. Programme of works required as a consequence of implementing the Modification Proposal:

None identified.

17. Proposed implementation timetable (inc timetable for any necessary information systems changes):

It is not proposed that this modification is implemented.

18. Recommendation concerning implementation of the Modification Proposal:

Transco do not recommend that this Modification Proposal is 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's Proposal:

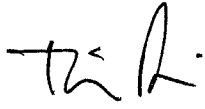
This Modification Report contains Transco's proposal not to modify the Network Code and Transco now seeks direction from the Director General in accordance with this report.

21. Text provided pursuant to Rule 9:

Transco does not consider it appropriate to provide legal text as it does not believe the Modification should be made.

Signed for and on behalf of Transco.

Signature:

A handwritten signature in black ink, appearing to read 'TD' followed by a stylized flourish.

Tim Davis
Manager, Network Code

Date: 2/10/98