

Draft Modification Report
Modification Reference Number : 0264
"Calculation of Estimates between Pre and Post Transfer Reads"

This draft Modification Report is made pursuant to Rule 7.4 (a) of the Modification Rules and follows the format required under Rule 8.12.4.

1. The Modification Proposal:

Review Group 0065 "Opening Meter Reads" considered the following issues relating to the opening reads process:

- i) The requirement for opening reads for NDM sites on reconfirmation;
- ii) Improvements to the quality of estimated reads;

The recommendations for Item (i) were implemented via Modification Proposal No : 0146 "Suppression of unnecessary Opening Reads at NDM Reconfirmed Sites".

For Item (ii), the Group identified that Transco currently receives significant numbers of opening reads that have been taken outside the read window, or taken within the read window but not submitted until after D+7. In the I&C market, Transco's MRA obtain on average an additional 5% of reads marginally outside the read window. It was felt that utilisation of these reads would significantly improve the quality of the opening reads.

To improve the quality of the estimated reads, the Review Group recommended the following changes:

- i) Allow Transco to use "post transfer reads", when provided by D+10, to calculate an estimate.
- ii) There should be a cut-off point at D+10 for submission of post transfer reads to be used to back-calculate estimates. Where no actual read is received by D+10 a "backstop" estimate will be generated and provided to the relevant Shipper, as per currently under Network Code.
- iii) Remove the current requirement in the Network Code that prevents Transco issuing an estimate earlier than D+10. This would enable Transco to issue estimates at the point they are calculated i.e. when "post transfer read" received and not have to wait until D+10.
- iv) Allow Transco, on a reasonable endeavour basis, to accept reads obtained within the required date range but not provided until after D+7. NB. Reads still need to be provided by D+10.
- v) Late opening reads taken outside the read window and used to back-calculate estimated opening reads for the actual transfer date will be stored as information reads.

2. **Transco's opinion:**

Transco recognise the concerns raised with the current Opening Meter Read procedure and are comfortable with the changes recommended.

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

This modification potentially reduces the number of times Shippers need to use the Agreed Reads Process which is costly and time consuming for all parties. Therefore, implementation of this proposal will better facilitate Transco's requirement to operate an economic and efficient system.

4. **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:**

There will be development costs associated with Transco's computer systems however, the impact on operational costs is negligible.

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:**

Transco does not intend to recover any costs other than those provided for in the Transportation Statement.

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

None identified

5. **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:**

As with all systems implementation initiatives, some risk will apply with regard to deliverability of the changes although these are mitigated by the application of an extensive development and testing programme by Transco.

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

The modification requires changes to the functionality of Transco's UK-Link System

(UK-Link Change Request 2360) and Transco believe there should be no impact to relevant Shippers computer systems.

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

This proposal will potentially reduce the number of times Shippers need to use the Agreed Reads Process. This process is both costly and time consuming for all parties to administer.

Relevant Shippers will need to implement internal procedures and processes to support the new facility.

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

None identified.

9. **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

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

Advantages:

- The proposed modification to the Network Code will provide a greater opportunity for Shippers to submit actual reads and improve the quality of the estimated read process.
- It will potentially reduce the number of times Shippers need to use Agreed Reads Process which is both costly and time consuming for all parties to administer.
- Potentially provide earlier settlement of final accounts.

Disadvantages:

- Non implementation of internal procedures and processes by relevant Shippers to support the new facility will hinder improvement to the quality of the estimated reads process.

11. **Summary of the Representations (to the extent that the import of those representations are not reflected elsewhere in the Modification Report):**
- Not applicable.
12. **The extent to which the implementation is required to enable Transco to facilitate compliance with safety or other legislation:**
- Not applicable.
13. **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.
14. **Programme of works required as a consequence of implementing the Modification Proposal:**
- The introduction of new Systems functionality to Transco's UK-Link System (UK-Link Change Request 2360).
15. **Proposed implementation timetable (inc timetable for any necessary information systems changes):**
- This proposed implementation date is 23rd October 1998.
16. **Recommendation concerning the implementation of the Modification Proposal:**
- That this modification is implemented in accordance with the timescales indicated in Item 15.
17. **Text provided pursuant to Rule 7.3:**
- SECTION M: SUPPLY POINT METERING
- Amend Section 3.8.2 (ii):
- "..... with paragraph 3.8.2 (i) but may (though shall not be required to) accept a Valid Meter Reading obtained in accordance with paragraph 3.8.2 (i) as an Opening Meter Reading if provided to Transco not later than 16:00 hours on the 10th Business Day after the Supply Point Registration Date".
- Amend Section 3.8.5 (a):
- "a notional Meter Reading will be used for the purposes of Individual NDM Reconciliation in accordance with Section E6.1.6 (and for the purposes of calculating

such notional Meter Reading Transco may utilise any Meter Reading provided by the Proposing User where provided to Transco not later than 16:00 hours on the 10th Business Day after the Supply Point Registration Date)".

Amend Section 3.8.5 (b):

"and Transco will not later than 15 Business Days after".

Representations are now sought in respect of this Draft Report and prior to Transco finalising the Report.

Signed for and on behalf of Transco.

Signature:


Tim Davis
Manager, Network Code

Date: 28/9/98.