

**Draft Modification Report**  
**Addition of User Suppressed Reconciliation Value (USRV) to the Network Code**  
**Modification Reference Number 0469**

Version 1.0

This Draft Modification Report is made pursuant to Rule 7.3 of the Modification Rules and follows the format required under Rule 8.9.3.

**1. The Modification Proposal**

The two areas of proposed amendment to the Suppressed Reconciliation Value process are;

- (i) Introduction of a new term into the Network Code, "**User Suppressed Reconciliation Value**"(USRV).
- (ii) Clear distinction between Transco and User responsibility with respect to investigating Suppressed Reconciliation Values.

**2. Transco's Opinion**

This Modification Proposal was raised by Transco to provide contractual symmetry between the investigation of suppressed DM and NDM Reconciliation Invoice Values.

A consequence of NDM meter reading separation, is that the contractual responsibility to investigate Suppressed NDM Reconciliation Values shifts from Transco to Users.

Transco believes that Users receiving Reconciliation by Difference (RbD) charges, should receive consistent contractual protection relating to the timely investigation of DM and NDM Suppressed Reconciliation Values.

The proposed introduction of the User Suppressed Reconciliation Value term, (together with the recently revised 'Network Code Reconciliation Suppression Guidelines') suitably provides for the required amendments to Section E8 of the Network Code.

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

Transco believes that this Modification Proposal provides increased certainty for Users (which are charged through RbD) and, as such, is consistent with its PGT Licence relevant objective of securing effective competition between relevant shippers and between relevant suppliers.

**4. The implications for Transco of implementing the Modification Proposal , including a) implications for the operation of the System:**

No implications have been identified.

**b) development and capital cost and operating cost implications:**

No implications have been 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:**

None identified.

**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**

Transco's contractual risk is unaltered by this Modification Proposal.

**6. The development implications and other implications for computer systems of Transco and related computer systems of Users**

Transco's computer system would require limited enhancement. Users may opt to amend their computer systems to take account of the contractual amendments identified by the Modification Proposal.

**7. The implications of implementing the Modification Proposal for Users**

Users would be contractually obliged to investigate any suppressed NDM Reconciliation Values in a timely fashion.

**8. The implications of implementing the Modification Proposal for Terminal Operators, Consumers, Connected System 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 User 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

Provides contractual certainty for all Users in terms of investigating suppressed NDM Reconciliation Values.

Disadvantages

None identified.

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

Representations are now sought.

- 12. The extent to which the implementation is required to enable Transco to facilitate compliance with safety or other legislation**  
Implementation of this proposal is not required to facilitate any such change.
- 13. The extent to which the implementation is required 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**  
Not applicable
- 14. Programme of works required as a consequence of implementing the Modification Proposal**  
Not applicable
- 15. Proposed implementation timetable (including timetable for any necessary information systems changes)**  
Implementation is proposed for 1st August 2001.
- 16. Recommendation concerning the implementation of the Modification Proposal**  
Transco recommends implementation in line with the timetable above.

**17. Text**

**Section E:** Paragraph 8

**8.1 General**

**8.1.1 In relation to Larger Supply Points with effect from the Reconciliation by Difference Date:-**

- (a) Transco shall investigate Reconciliation Values that have been Suppressed following Individual NDM Reconciliation where such was undertaken pursuant to a Meter Reading obtained by Transco pursuant to Section M3.6 and M4.1 ("**Suppressed Reconciliation Values**"); and
- (b) the User shall investigate Reconciliation Values that have been Suppressed following Individual NDM Reconciliation and DM Reconciliation where such Individual NDM Reconciliation and DM Reconciliation was undertaken other than pursuant to a Meter Reading obtained by Transco pursuant to Section M3.6 and M4.1 ("**User Suppressed Reconciliation Values**")

**8.1.2 Those Reconciliation Values in respect of which this paragraph 8 will apply (Reconciliation Values that have been "**Suppressed**", being Suppressed Reconciliation Values and User Suppressed Reconciliation Values) shall be identified in the "**Network Code Reconciliation Suppression Guidelines**", the document so entitled prepared and revised from time to time by Transco (in consultation with Users).**

**8.1.3 For the purposes of this paragraph 8:**

- (a) "**Investigate**" means an investigation:-

- (i) by Transco of the accuracy of a Suppressed Reconciliation Value; or
    - (ii) by the User of the accuracy of a User Suppressed Reconciliation Value
  - (b) **"relevant Reconciliation Billing Period"** is the Reconciliation Billing Period in respect of which a Reconciliation Invoice would have contained an Invoice Item derived from a Suppressed Reconciliation Value had not paragraph 8.1.4 applied;
  - (c) for each LDZ for each Reconciliation Billing Period the **"User LDZ Suppressed Reconciliation Proportion"** shall be the User's User Aggregate Reconciliation Proportion for Monthly Individual Reconciliation calculated in accordance with paragraph 7.2.2
- 8.1.4 Where as a result of carrying out Individual NDM Reconciliation or DM Reconciliation a Reconciliation Value is Suppressed, neither the Suppressed Reconciliation Value nor the User Suppressed Reconciliation Value will be used for the purposes of calculating the relevant Invoice Items in a Reconciliation for the relevant Reconciliation Billing Period (Reconciliation Billing Period 'p').

***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: