Modification Report
Acceptance by the Gas Transporter of domestic prepayment meter reads obtained remotely at change of Supplier and within the meter read window as Valid Reads
Modification Reference Number 0690

Version 1.0

This 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

To allow reads obtained via domestic prepayment gas cards during the meter reading window to be considered valid reads by the Gas Transporter.

2. Transco's Opinion

Transco is supportive of innovative solutions which would facilitate adherence to relevant Network Code provisions, in this case to the Opening Read requirements. It is therefore Transco's opinion that this Modification Proposal should be implemented.

Currently, in respect of Non-Daily Metered (NDM) Supply Points, upon Supply Point Confirmation, the Proposing User is required to submit an 'Opening Meter Reading' to Transco no later than 16:00 hours on the seventh Business Day after the Supply Point Registration Date. This reading must be obtained for a Meter Read Date within the required date range which is presently a period of five Business Days commencing two Business Days before the Supply Point Registration Date. Subsequent to the implementation of Modification 0602 '*Amendment to the required date range for opening meter reads*', (expected quarter 4, 2004), this date range will be extended to the period of eleven Business Days commencing five Business Days prior to the Supply Point Registration Date.

At present a Meter Reading obtained from a NDM Supply Meter must be procured via a Meter Reader or via the Customer and be a reading of the meter index.

Should a User fail to provide an Opening Meter Reading to Transco by the appropriate deadline, Transco will generate and provide a notional meter reading, a service for which Transco currently levies a charge to the incoming User for Smaller Supply Points.

This Modification Proposal advocates an extension of the current permissable source for Opening Meter Readings to include reads obtained from gas cards used to operate 'domestic' prepayment meters. Such reads are passed electronically to an infrastructure service provider who would in turn forward these to the appropriate supplier/shipper for onward transmission to Transco.

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

The remote procurement of Meter Readings from pre-payment meters for supplier transfer purposes represents an innovative measure in the gas market. The increased likelihood of 'actual' accurate readings being provided to Transco is of benefit to the customer transfer process. This Modification Proposal is therefore consistent with Transco's GT Licence 'code relevant objective' of facilitating the securing of effective competition between relevant shippers and relevant suppliers.

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

a) implications for the operation of the System:

No implications for the operation of the system have been identified.

b) development and capital cost and operating cost implications:

Transco would incur costs in amending its UK-Link system. The extent of these costs has not been identified at this stage but are not expected to be significant.

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 propose any additional cost recovery.

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

No such consequences have been 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

Implementation of this Modification Proposal would not increase the level of Transco's contractual risk.

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

Transco would need to make limited changes to its UK-Link system. Users would also need to make changes to their systems although the extent of these is not known.

7. The implications of implementing the Modification Proposal for Users

Users wishing to take advantage of the measures permitted by this Modification Proposal would need to make changes to relevant systems and processes.

8. The implications of implementing the Modification Proposal for Terminal Operators,Consumers, Connected System Operators, Suppliers, producers and, any Non-Network Code Party

No such implications have been 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

No such consequences have been identified.

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

Advantages:

- Promotes the utilisation of an innovative and cost saving measure for procuring Opening Meter Readings.
- Enables Transco to receive and record Opening Meter Readings procured by Users remotely from prepayment meters.
- Increases the likelihood of 'actual' meter readings being procured and thereby potentially reduces the need for reliance on a notional 'transfer' Meter Reading being calculated and provided by Transco.
- Increases the likelihood of accurate meter readings being obtained and potentially reduces the requirement for the Agreed Opening Meter Reading process to be invoked.
- Consistent with 'downstream' Network Code processes such as Annual Quantity (AQ) derivation and Individual NDM Reconciliation.

Disadvantages:

- No disadvantages have been identified.

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

Five representations were received with respect to this Modification Proposal. All were supportive of its implementation.

Npower comments *"the modification does not suggest how these type of reads are to be recorded by the Transporter, Currently only two types of reads are acceptable for submission, actual meter readers reading or a customer own reading, although there are a number read type codes in use. Therefore we would suggest that an additional new read submission code should be added to the existing codes which will reflect that these reads have been obtained by electronic remote means. A suggestion could be utilising the letter 'R' for remote reading".*

Transco concurs with the views of the respondent and, subject to a direction to implement, would modify its UK-Link system so that reads obtained in this way could be identified by a new read type code.

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

Implementation is not required to facilitate such compliance.

13. The extent to which the implementation is required having regard to any proposed change in the methodology established under Standard Condition 4(5) or the statement furnished by Transco under Standard Condition 4(1) of the Licence

This Modification Proposal is not required to facilitate any such change.

14. Programme of works required as a consequence of implementing the ModificationProposal

User have indicated a wish for 'electronically' procured readings to be 'flagged' as such on Transco's Sites & Meters database. To meet this aspiration, systems development works would be required. However, this Modification Proposal could be implemented immediately provided Users were aware that such reads would not be identifiable as such prior to the systems enhancement.

15. Proposed implementation timetable (including timetable for any necessary information systems changes)

Transco has been asked by the Supply Point & Billing Workstream to amend its UK-Link system. This would enable prepayment reads procured in the manner described within this Modification Proposal to be 'flagged' as such on Transco's Sites & Meters database. Subject to the necessary system changes being made, Transco proposes that this Modification Proposal be implemented.

16. Recommendation concerning the implementation of the Modification Proposal

Transco recommends that this Modification Proposal be implemented.

17. 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.

18. Transco's Proposal

This Modification Report contains Transco's proposal to modify the Network Code and Transco now seeks direction from the Gas & Electricity Markets Authority in accordance with this report.

19. Text

Draft legal text

Section M

Paragraph 1.4

Add paragraph 1.4.3 (f) to read:

"1.4.3 (f) "**Gas Card Read**" is a Meter Reading provided by the User in respect of a Supply Meter obtained by means of a Gas Card."

Add paragraph 1.4.3 (g) to read:

"1.4.3 (g) "**Gas Card"** is a electronic card used by a consumer to purchase gas by way of pre payment facility and containing the Meter Reading that such card collects from time to time."

Paragraph 3.1.4

Amend paragraph 3.1.4 (a) to read:

" (a) except in the case of a Customer Read permitted under paragraph 3.1.6, <u>or an Opening Meter Reading permitted under paragraph 3.1.4(f),</u> the Meter Reading ... with paragraph 3.2.1"

Add paragraph 3.1.4 (f) to read:

"(f) in the case of an Opening Meter Reading obtained and provided in accordance with M3.8.2, the Meter Reading has been obtained by a Gas Card Read".

Paragraph 3.8

Revise heading to read:

" 3.8 Opening Meter Readings "

Signed for and on behalf of Transco.

Signature:

Peter Rayson
Commercial Manager - Customer Support Services

Date:

Gas and Electricity Markets Authority Response:

In accordance with Condition 9 of the Standard Conditions of the Gas Transporters' Licences dated 21st February 1996 I hereby direct Transco that the above proposal (as contained in Modification Report Reference **0690**, version **1.0** dated **21/05/2004**) be made as a modification to the Network Code.

Signed for and on Behalf of the Gas and Electricity Markets Authority.

Signature:

The Network Code is hereby modified with effect from, in accordance with the proposal as set out in this Modification Report, version **1.0**.

Signature:

Process Manager - Network Code

Transco

Date:

Annex

1. Any provision contained in this Agreement or in any arrangement of which this Agreement forms part by virtue of which The Restrictive Trade Practices Act 1976 ("the RTPA"), had it not been repealed, would apply to this Agreement or such arrangement shall not come into effect:

   (i) if a copy of the Agreement is not provided to the Gas and Electricity Markets Authority ("the Authority") 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 Authority 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 paragraphs 1(6) or 2(3) of the Schedule to The Restrictive Trade Practices (Gas Conveyance and Storage) Order 1996 ("the Order") as appropriate

   provided that if the Authority does not so approve the Agreement then Clause 3 shall apply.

2. If the Authority does so approve this Agreement in accordance with the terms of the Order (whether such approval is actual or deemed by effluxion of time) any provision contained in this Agreement or in any arrangement of which this Agreement forms part by virtue of which the RTPA, had it not been repealed, would apply this Agreement or such arrangement shall come into full force and effect on the date of such approval.

3. If the Authority does not approve this Agreement in accordance with the terms of the Order the parties agree to use their best endeavours to discuss with Ofgem any provision (or provisions) contained in this Agreement by virtue of which the RTPA, had it not been repealed, would apply to this Agreement or any arrangement of which this Agreement forms part with a view to modifying such provision (or provisions) as may be necessary to ensure that the Authority would not exercise his right to give notice pursuant to paragraph 1(5)(d)(ii) or 2(2)(b)(ii) of the Order in respect of the Agreement as amended. Such modification having been made, the parties shall provide a copy of the Agreement as modified to the Authority pursuant to Clause 1(i) above for approval in accordance with the terms of the Order.

4. For the purposes of this Clause, "Agreement" includes a variation of or an amendment to an agreement to which any provision of paragraphs 1(1) to (4) in the Schedule to the Order applies.