

TRANSCO NETWORK CODE MODIFICATION PROPOSAL No. 0721
"Provisions for the Treatment of User Suppressed Reconciliation Values (USRVs) for Terminated Users"
Version 1.0

Date: 04/10/2004

Proposed Implementation Date: 03/01/2005

Urgency: Non-Urgent

Justification

Larger Supply Points initially incur transportation commodity charges based on the NDM demand allocation process which are then subsequently 'reconciled' upon receipt of a meter read from meter/s at the appropriate Supply Point. Charges generated by such reconciliations are subject to validation as per the Network Code Reconciliation Suppression Guidelines and may be suppressed as a consequence.

Users are responsible for the resolution of certain suppressed charge items (prior to release onto an invoice) which are defined as User Suppressed Reconciliation Values ('USRV's), commonly termed 'filter failures'. Where such items are the responsibility of a User which has been terminated (under the provisions of Network Code section V4.3) and the items remain unresolved, there is a requirement to mitigate (or eradicate) the risk borne by the Reconciliation by Difference ('RbD') community in respect of the unreconciled energy. Finalisation of transportation billing associated with such values mitigates the risk of the suppressed values remaining unresolved.

The risk of an unresolved suppressed item (which when resolved may result in a debit or credit value) in respect of a meter at a Larger Non-daily Metered Supply Point is borne by those Users with Smaller Supply Points where reconciliation occurs via the RbD mechanism. A degree of risk is also borne by Transco of revenue being recovered from an incorrect sector of the market. Where a User is terminated, it is unlikely that USRVs for which it is responsible will be resolved by that User. In such circumstances, the current provisions of Network Code do not facilitate the satisfactory mitigation / eradication of the risk to both RbD Users and Transco (such items may also produce subsequent suppressions and frustrate the accurate calculation of Annual Quantities).

The issues identified above and the proposed changes detailed in the 'Nature of Proposal' were discussed within the September 2004 Supply Point and Billing Workstream where broad support was forthcoming from attendees.

Nature of Proposal

Where a User is terminated pursuant to Section V of Network Code, any outstanding USRVs as at the termination date would be deemed to have a reconciliation value of zero and the USRV would be deemed to be resolved.

In essence, the relevant Supply Points would incur Transportation Charges according to the NDM demand allocation process in absence of any subsequent reconciliation. This provision would be applicable to terminated Users only. This is because a User wishing to pursue Voluntary Discontinuance under section V4.2 is obliged to resolve all its USRVs prior to ceasing to be a User.

Purpose of Proposal

To establish certainty in the form of a final accounting position for transportation invoicing associated with Supply Points where the registered User is terminated.

To eradicate risk to RbD Users and Transco of outstanding USRVs where the relevant User is terminated.

The measure described within this Proposal is consistent with Transco's GT Licence Code Relevant Objective of the securing of the efficient and economic operation of its pipe-line system.

Consequence of not making this change

In the rare event of a User Termination pursuant to Section V of the Network Code, RbD Users and Transco would continue to be exposed to the risk of unresolved USRVs. With the only party contractually able to resolve such items no longer party to Network Code, there is no prospect for resolution of the USRVs.

Such unresolved USRVs will remain outstanding and may distort future analysis of industry USRV resolution standards.

Area of Network Code Concerned

Section E

Proposer's Representative

Chris Warner (Transco)

Proposer

Peter Rayson (Transco)

Signature

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