

TRANSCO NETWORK CODE MODIFICATION PROPOSAL No. 0422
"Introduction of Disaggregated Metering Charges for 1 October 2000."
Version 1.0

Date: 31/08/2000

Proposed Implementation Date: 01/10/2000

Urgency: Non-Urgent

Justification

This proposed modification is necessary to enable the Network Code to recognise the disaggregated metering and meter reading charges that are being introduced following the industry consultation process on PC54. In addition, the proposed amendments to Transco's PGT Licence set out in Ofgem's Section 23 Notice published on 25 May 2000 provide for separate Metering and Meter Reading Charges Statements. At present the Network Code recognises only transportation charges published in a Transportation Statement.

The charges set out in the Metering Charging Statement will take effect from 1 October 2000 in respect of supply points consuming up to 73,200 kWh p.a., dataloggers and Daily Meter Readings, and from 1 April 2001 in respect of supply points consuming 73,200 kWh p.a. or more.

This proposal is consistent with Transco's programme to facilitate competition in metering and meter reading services, and the project plan put forward in Ofgem's "Review of gas metering arrangements - Project proposal" (August 2000), as it will enable shippers to exercise greater choice in the extent to which they utilise Transco's metering services.

Nature of Proposal

Consistent with the introduction of new Metering and Meter Reading Charges, as set out in the Metering Charges Statement published on 1 August 2000, and by letter to shippers, it is proposed that the Network Code be modified to recognise the new charges.

Purpose of Proposal

To modify the Network Code such that the application of transportation, metering and meter reading charges are in accordance with the Transportation, Metering and Meter Reading Charges Statements. The separate meter and meter reading charges will facilitate the exercise of choice by shippers in the provision of metering services.

Transco presently includes costs associated with many of its metering services in the Customer Charge element of its Transportation Charges. A rebate is available where

a meter is not provided, installed and maintained by Transco. To further facilitate competition in meter ownership and meter work Transco consulted with the industry (Pricing Consultation Paper 54) on proposals to replace the present structure of charges and rebates with disaggregated charges in respect of meters, dataloggers and correctors owned by Transco.

Following representations, and submission of revised proposals by Transco, Ofgem notified Transco in July 2000, of its decision not to exercise its right of veto in respect of the revised proposals.

The proposals form part of Transco's programme for the development of competition in metering and meter reading services, and the introduction of separate charging statements for Metering and Meter Reading services in accordance with draft Special Condition 23 of Transco's PGT licence.

The new charges set out in the Metering Charges Statement include:

Separate annualised charges reflecting the costs of providing and maintaining metering equipment, and installing existing metering equipment.

Separate one-off charges for installing new metering equipment, and for age related and customer requested exchanges.

Separate annualised charges reflecting the costs of providing, installing and maintaining dataloggers.

These changes to be effective from 1 October 2000 for domestic supply points (up to 73,200kWh per annum), and from 1 April 2001 for I&C supply points (73,200kWh and above).

The only new meter reading charge is a separate charge in respect of the Daily Meter Reading service (previously this charge was included in the bundled datalogger charge).

Consequence of not making this change

Network Code drafting would be inconsistent with the introduction of metering and meter

reading charges, set out in Transco's Metering and Meter Reading Charges Statements as required by draft Special Condition 23 of Transco's PGT licence.

Area of Network Code Concerned

Section B1.12. and M2.2.2.

Proposer's Representative

Chris Warner (Transco)

Proposer

Tim M Davis (Transco)

Signature