

Draft Modification Report
Failure to obtain Meter Readings - Removal of PGT obligations to procure meter readings
with respect to Annual Read Meters.
Modification Reference Number 0406
Version 1.0

This Draft Modification Report is made pursuant to Rule 8.9 of the Modification Rules and follows the format required under Rule 8.9.3.

1. The Modification Proposal

Modification of the Network Code is proposed to remove Transco's existing reasonable endeavours obligation to procure a meter reading where a User fails to comply with Section M3.5.1(i) in circumstances where the meter is a Relevant Annual Read Meter.

2. Transco's Opinion

Transco is required to use 'reasonable endeavours' to procure meter readings where a User fails to meet its Network Code obligations (M3.5) to obtain a Valid Meter Reading with respect to an Annual Read Meter at least once every two years, for which the shipper will be charged. This requirement is commonly termed a 'must read' and was originally incorporated in the Network Code to ensure maintainance of the integrity of data supporting the Annual Quantity (AQ) derivation and Non-Daily Meter (NDM) reconciliation processes.

For clarity it is important to draw a distinction between a Meter Inspection as defined by the Supplier Licence Condition 23 and a Network Code 'must read'. When it is necessary for Transco to obtain a 'must read', the implication is that a supplier may already be in breach of Condition 23 of its licence which stipulates that a supplier should undertake a Meter Inspection (including a meter reading) at least once every two years. Transco undertaking its current Network Code obligation and procuring a 'must read' does not discharge the supplier's licence obligation to undertake a Meter Inspection. Meter readings are required under the Network Code for the purposes of NDM reconciliation and AQ calculation. With the introduction of RbD in February 1998, with respect to Supply Points <73,200 kWh, meter readings are required solely for AQ derivation.

As suppliers already have obligations (via their shippers) to furnish Transco with meter readings as part of undertaking a Meter Inspection, Transco believes that the requirement for it to procure 'must reads' with respect to Annual Read Meters is redundant.

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

The present Network Code obligation on Transco to procure annual meter readings where a User has failed in the timely provision of such readings as required by Code is neither

efficient nor economic. Transco's view is that the potentially high industry cost associated with this now redundant activity and the limited value of such data is not consistent with its relevant objectives.

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

None identified.

b) development and capital cost and operating cost implications:

None 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:

Not applicable.

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

None identified.

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

None identified.

7. The implications of implementing the Modification Proposal for Users

None identified.

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:

Unnecessary shipper costs in managing the 'must read' process and reimbursing the PGT are removed.

Unnecessary PGT costs associated with procuring 'must read' meter readings are avoided.

Focuses industry attention on compliance with Supplier Licence obligations for undertaking Meter Inspections.

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

This proposal 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 3(5) or the statement furnished by Transco under Standard Condition 3(1) of the Licence

This proposal is not required to facilitate any such change.

14. Programme of works required as a consequence of implementing the Modification Proposal

No works are required to implement the proposal.

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

This Modification Proposal may be implemented with immediate effect.

16. Recommendation concerning the implementation of the Modification Proposal

Transco recommends that this Modification Proposal be implemented.

17. Text

SECTION M Paragraph 3.6

Paragraph 3.6.1. Delete the following :

“or 3.5.1 (i)”

“or (as the case may be) Annual Read Meter”

Paragraph 3.6.1 (a) Delete and substitute :

“(a) Transco will, unless it appears to Transco (in its sole discretion) that the circumstances are such that it would be inappropriate to do so, use reasonable endeavours to obtain a Meter Reading from such Monthly Read Meter;”

Paragraph 3.6.7 (iii) Delete “or 3.5.1 (ii).”

End of Text

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: