

**Modification Report**  
**Modification Reference Number 0002/A**

This modification report is made pursuant to Rule 8.12 of the Modification Rules and follows the format required under Rule 8.12.4.

**1. Circumstances Making This Modification Urgent**

In accordance with Rule 9.2(a) Ofgas has agreed that this modification should be treated as URGENT because it should be implemented in time for Domestic competition to start on 29 April 1996.

**2. Procedures Followed**

TransCo agreed with Ofgas (and has followed) the following procedures for this Proposal:

- 6/3/96 Circulate Proposal
- 8/6/96 Circulate Drafting
- 15/6/96 Meet with Shippers to take Representations
- 22/3/96 Circulate Draft Modification Report for Representations
- 29/3/96 Final date for Representations
- 4/4/96 Send Final Modification Report to Ofgas
- Circulate Modification Report following Ofgas agreement.
- 29/4/96 Implement Modification

**3. The Modification Proposal:**

It has been agreed that opening meter reads in the Domestic Market will be customer reads provided by the shipper in MRREAD format via the I'X link. In order to give shippers time to manually input the meter read data it is proposed to lengthen the close out window from D+5 to D+7 business days.

In order to ensure that TransCo is able to process any reads received on D+7, and to ensure that an estimate is generated should a read not be received by that date, the cut-off time for D+7 has been provisionally agreed to be 16:00 hrs.

This modification will apply to all opening meter reads. Where TransCo is providing an opening meter read service the only impact of this proposed change is that estimated opening reads (where TransCo is unable to obtain a real read) will not be generated until the end of D+7 business days (instead of D+5).

4. Text provided pursuant to Rule 8.14:

Section M, paragraph 3.8.2(ii) to read:-

**"(ii) provided to TransCo not later than 16:00 hours on the 7th Business Day after the Supply Point Registration Date"**

5. TransCos opinion:

TransCo supports this modification, without it opening meter reads, for Network Code purposes, will not be provided for the Domestic Market.

TransCo requests that the Director gives a direction that the proposed modification be made as recommended in this Modification Report.

6. Extent to which the modification would better facilitate the relevant objectives:

Without this modification competition between relevant shippers and relevant suppliers in the domestic market will be inhibited as they may not be able to provide the meter read service that the domestic customers expect..

7. The implications for TransCo of implementing the Modification Proposal, including:

a) implications for the operation of the System and any BG Storage Facility:

There are no immediate implications on the operation of the system or of any BG storage facility.

b) development and capital cost and operating cost implications

There will be minor cost implications for TransCo in modifying the UK Link system to accommodate this proposed change. This is of the order of 25 man days.

c) extent to which it is appropriate for TransCo to recover the costs, and proposal for the most appropriate way for TransCo to recover costs:

As the estimated cost for this modification is below the Change Modification Detailed Costing Threshold, the development costs will be recovered through the existing mechanisms.

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

The cost for providing this service should be reflected in any formula allowed revenues.

8. 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;

No consequences have been identified on the level of contractual risk as a result of this proposed modification.

9. The development implications and other implications for computer systems of TransCo and related computer systems of Relevant Shippers;

Minor development is required to TransCo systems to widen the cut-off time - assessed. at 25 man days. Shippers have indicated no significant impact.

10. The implications of implementing the modification for Relevant Shippers.

TransCo has not been informed of the impact of the implementation of this proposed modification for Relevant Shippers.

11. The implications of implementing of the modification for terminal operators, suppliers, producers and, any Non-Network Code Party;

TransCo has not been informed of implications for other relevant persons of implementing this proposed modification.

12. Consequences on the legislative and regulatory obligations and contractual relationships of TransCo and each Relevant Shipper and Non-Network Code Party (if any), of implementing the proposal;

TransCo has not been informed of any consequences on the legislative and regulatory obligations and contractual relationships of implementing this proposed modification.

13. Analysis of any advantages or disadvantages of the implementation of the Modification Proposal;

TransCo has not been informed of any advantages or disadvantages of implementing this proposed modification.

14. Summary of the representations (to the extent that the import of those representations are not reflected elsewhere in the modification report):

1. A Shipper has made a written representation (Copy attached) indicating that the costs of modifications should be borne by those Shippers who are directly affected by the modification. In the case of the current modification that would be only those Shippers who enter the domestic market.

It also indicates that there should be no adverse consequences upon Shippers who are not directly affected by the change.

**TransCo Response**

There are no changes to the meter reading obligations to the above 2,500 therm market. The only consequence of this modification is that should an opening read not be received by D+5, the Shipper will have to wait a further 2 business days until an estimated read is generated.

TransCo support in principle cost reflectivity in any modification proposals that are implemented.

2. Another Shipper expressed concern that the extended window will lead to delays in billing customers

**TransCo Response**

Should the extension prove to be a problem, another urgent modification can be raised.

15. The extent to which the implementation is required to enable TransCo to facilitate compliance with safety or other legislation:

The proposed modification is not required to facilitate compliance with safety or other legislation.

16. 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:

The proposed modification is not required to comply with the above clause.

17. Programme of works required as a consequence of the implementation of the Modification Proposal;

This change will be incorporated into the existing domestic tests. No additional works are envisaged.

18. Proposed implementation timetable;

Draft timetable for implementing the modification was circulated with proposal.

19. Recommendation for the implementation of the modification;

TransCo recommend that the modification be implemented by 29 April 1996.

20. 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.

21. TransCo Proposal

This Modification Report contains TransCos proposal to modify the Network Code and TransCo now seeks a direction from the Director General in accordance with this report.

Signed for and on behalf of British Gas TransCo.

Signature:

Date:

Name:

Position:

Director General of Gas Supply Response

In accordance with Condition 7 (10) (b) of the Standard Conditions of Public Gas Transporters' Licences dated 21st February 1996 I hereby direct British Gas TransCo that the above proposal be made as a modification to the network code.

Signed for and on behalf of the Director General of Gas Supply.

Signature:

Date:

Name:

Position: