

Modification Report
Amendments to the provisions governing 'failure' to obtain readings
Modification Reference Number 0017
Version 2.0

This Modification Report is made pursuant to Rule 7.3 of the Modification Rules and follows the format required under Rule 9.6.

1. The Modification Proposal

With respect to using reasonable endeavours to obtain a Meter Reading (in the event that minimum 'cyclic' reading frequencies are not fulfilled), extend the permitted use of Relevant Transporter discretion where appropriate (in respect of undertaking steps to obtain a Meter Reading) to Annual Read Meters in addition to that available for Monthly Read Meters and incorporate provisions such that in the event that the Relevant Transporter has notified the Registered User that Meter Information is incorrect in accordance with Section M3.2.15, the Relevant Transporter will not initiate a Meter Reading earlier than 20 Business Days (*the proposer clarified at the Modification Panel on 19 May 2005 that the period identified within the Modification Proposal is erroneous and should be 80 Business Days*) from the point at which the Relevant Transporter has notified the Registered User of the data anomaly.

2. Extent to which implementation of the proposed modification would better facilitate the relevant objectives

Transco states that it has raised this Modification Proposal to allow the Relevant Transporter discretion to 'postpone' instigation of reasonable endeavours (and possible application of an associated charge to a User) to procure a read from an Annual Read Meter. It states that such discretion may apply where the Registered User is undertaking investigation in respect of a read previously procured pursuant to Section M3.6.1. Also, where the Relevant Transporter has previously procured such a read, to afford a User a four month 'window' to address a Meter Information related anomaly with respect to Annual and Monthly Read Meters.

Transco claims that this Proposal removes the potential for the levying of 'unnecessary' charges to Users associated with reading of Annual and Monthly Read Meters.

Transco therefore states that the measures identified within its Modification Proposal further the GT Licence 'code relevant objective' of facilitating the efficient and economic operation by the licensee of its pipe-line system.

In its representation to this proposal Scotia Gas Networks concurred that the Proposal facilitates the Code relevant objectives.

3. The implications of implementing the Modification Proposal on security of supply, operation of the Total System and industry fragmentation

No such implications have been identified.

4. The implications for Transporters and each Transporter of implementing the Modification Proposal, including

a) implications for operation of the System:

No implications for operation of the system have been identified.

b) development and capital cost and operating cost implications:

No such implications have been identified.

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

Minor changes to relevant processes and procedures operated by xoserve would be necessary. Transporters do 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 of each Transporter under the Code as modified by the Modification Proposal

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

6. The high level indication of the areas of the UK Link System likely to be affected, together with the development implications and other implications for the UK Link Systems and related computer systems of each Transporter and Users

No changes would be required to the Transporter's UK Link system to facilitate implementation of this Modification Proposal.

7. The implications of implementing the Modification Proposal for Users, including administrative and operational costs and level of contractual risk

The proposed change would prevent the User from being subject to additional charges for the transporter undertaking reasonable endeavors to procure a meter reading pursuant to

Section M3.6.1. In the circumstances identified, the Transporter will have already procured a read but an anomaly will have been identified in the information contained within the Supply Point Register that requires corrective action by the relevant User. If implemented, the Modification would provide a period of relief from charges generated by Section M3.6.1 in which the User may investigate and undertake this corrective action before any further action is taken by the Relevant transporter pursuant to Section M3.6.1.

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

No such implications have been identified.

9. Consequences on the legislative and regulatory obligations and contractual relationships of each Transporter and each User and Non Code Party of implementing the Modification Proposal

No such consequences have been identified. It is important to note that regardless of Uniform Network Code obligations in respect of ‘cyclic’ reading, suppliers have a separate and distinct obligation under Condition 17 (‘Reading, Inspection and Testing of Meters’) of the Suppliers Licence to undertake periodic meter inspections. The obligation also requires the procurement of a meter reading at the same time as a meter inspection that the User may choose to submit to the Relevant Transporter as a cyclic reading.

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

Advantages:

- Affords the Relevant Transporter greater flexibility in only undertaking reasonable endeavors pursuant to Section M3.6.1 where genuinely required.
- Prevents the User being subject to charges where it is investigating and taking steps to resolve an anomaly in the Supply Point Register.
- As the period of relief from such charges is finite, timely resolution by the User of the anomaly in the Supply Point Register prevents the User from incurring further charges.

Disadvantages:

- No disadvantages have been identified.

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

Nine representations (from the following) were received with respect to this Modification Proposal. Eight parties support implementation and one party offered comments.

Scottish & Southern Energy	Support
Transco	Support
British Gas Trading	Support
E.ON UK	Support
EdF Energy	Support
Total Gas & Power	Support
Scotia Gas Networks	Support
Scottish Power	Support
RWE Npower	Comments

Scottish and Southern Energy reflected that the Proposal had *“no implications for UK Link...only minor implications for Xoserve processes and procedures”* and stated *“we believe this proposal is broadly straightforward and pragmatic and therefore we supports implementation”*.

As the proposer, Transco confirmed its support for the proposal identifying that it would *“increase the flexibility...with respect to ...where difficulties are being experienced in loading Meter Readings to the Supply Point Register...the Proposal improves the efficiency of the processes supporting Transporters obligations ...in accordance with Section M3.6”*.

British Gas Trading believed *“it is appropriate to extend the arrangement where the Transporter has the discretion to waive the “failure” to read obligations to Annual Read supply points”* and added *“circumstances where this discretion may be applied is clearly defined, for example, where there is an outstanding asset query”*.

To clarify, the Proposal advocates that where a Transporter notifies a User of incorrect Meter Information in these circumstances, the Transporter will not initiate a subsequent Must Read within 80 business days of the initial notification. This is separate and distinct from the additional element of the Proposal to extend Transporters sole discretion to all Meter Points in assessing the appropriateness of initiating such a read.

E.ON expressed its support for the Proposal stating that it *“prevents the User being subject to charges where it is investigating and taking steps to resolve an anomaly”*.

EDF stated that *“it is appropriate that Shippers are given 4 months to resolve any data anomalies...This should allow sufficient timescales for resolution... Shippers need this time to undertake an investigation ...there is no benefit in continuing with the ‘must read’ request until resolution”*.

Total Gas and Power (TGP) commented *“we welcome this attempt to introduce a more flexible regime”* and added *“the 80th business day is a realistic deadline in light of the increasing problems with mismatches in meter details since the introduction of RGMA”*. TGP expressed a view that *“The modification only addresses the symptoms, and not the cause, of the deterioration in data quality ...fundamental review of the current metering arrangements is required...If this is not undertaken...we anticipate similar modifications*

being raised to fix other data quality issues caused by the introduction of metering competition”.

Scotia Gas Networks stated that the Proposal would *“avoid unnecessary... Transporter intervention...by allowing greater discretion the Transporter will be able to identify circumstances under which action is not necessary...avoiding unnecessary cost ...for the Transporter and User”.*

ScottishPower expressed a view that the Proposal *“will give Shippers the opportunity to investigate any anomaly within the technical data...and resolve issues without incurring any additional cost”.*

RWE Npower (RWE) reflected that it was *“broadly supportive of the Proposal”* but believed there was *“an opportunity available...that...would be of significant benefit to the industry”*. RWE further *“urge[d] the proposer to consider amending his proposal to accommodate”.*

Section 6.5.1 of the Uniform Network Code Modification Rules states the following:

6.5 Withdrawal or variation of Modification Proposals

6.5.1 A Proposer may:

(b) vary a Modification Proposal or Third Party Modification Proposal of that Proposer, at any time before the Consultation Phase commences, by notice to the Secretary, ...

Therefore as such Consultation Phase has commenced, the Proposer is unable to amend its Proposal.

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

Implementation of the Modification Proposal is not required to enable Transporters to facilitate compliance with safety or other legislation.

13. The extent to which the implementation is required having regard to any proposed change in the methodology established under paragraph 5 of Condition A4 or the statement furnished by each Transporter under paragraph 1 of Condition 4 of the Transporter's Licence

This Proposal is not required to facilitate any such change.

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

No systems development work is required to facilitate implementation of this Modification Proposal. Minor changes to relevant processes and procedures operated by xoserve would be necessary.

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

This Modification Proposal could be implemented with immediate effect.

16. Implications of implementing this Modification Proposal upon existing Code Standards of Service

No such implications have been identified.

17. Recommendation regarding implementation of this Modification Proposal and the number of votes of the Modification Panel

At the Modification Panel meeting held on 21 July 2005, all ten Voting Members were in favour of the implementation of this Modification Proposal.

18. Transporter's Proposal

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

19. Text

MODIFICATION PROPOSAL 0017

Amendments to the provisions governing 'failure to obtain readings'

Section M: Supply Point Metering

Amend paragraph 3.6.1(a) as follows:

3.6.1 Subject to paragraphs...

- (a) The Transporter will, unless ~~in the case of a Monthly Read Meter~~ it appears to the Transporter (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 for such Meter;

Amend paragraph 3.6.2 to read as follows:

3.6.2 The Transporter will not initiate a Meter Read pursuant to paragraph 3.6.1 for a Meter Read Date earlier than:

- (a) the 10th Business Day of the calendar month (the "**following month**") following the month of the failure referred to in that paragraph; or
- (b) the 80th Business Day following the date upon which the Transporter has notified the User in accordance with paragraph 3.2.15 of incorrect Meter information in respect of such Monthly Read Meter or (as the case may be) Annual Read Meter;

Subject Matter Expert sign off:

I confirm that I have prepared this modification report in accordance with the Modification Rules.

Signature:

Date :

Signed for and on behalf of Relevant Gas Transporters:

Tim Davis
Chief Executive Joint Office of Gas Transporters

Signature:

Date :