



97/02/26/12

26 February 1997

Direct Dial: 0171-932-1681

Dear Sir/Madam

Modification 0124:Amendment to DM reconciliation smearing

Ofgas has accepted this modification proposal as urgent.

The proposal has identified a possible error in the Network Code which could potentially lead to incorrect DM reconciliation smearing. DM reconciliation smearing has not yet taken place so it seems important to consider this proposal in advance of the first DM reconciliation smear process, which could happen in March.

Ofgas has therefore agreed the following timetable for considering this modification proposal:

Close out for representations: 13 March

Decision from Ofgas: 17 March

Yours faithfully

A handwritten signature in dark ink, appearing to read "Peter Lambert".

Peter Lambert
Regulation and Business Affairs



**Urgent Modification 124
Proposal**

Amendment to DM reconciliation smearing

Present Position

Under the Network Code, allocated flows at Daily Metered (DM) supply points are based on of daily reads. Non Daily Metered (NDM) supply points are allocated flows by applying an algorithm to the difference between DM meter reads and the total offtake for that exit zone.

If DM meter reads are later revised, DM reconciliation takes place. This process adjusts the allocations for DM sites to take account of the revised meter reads. However, even if the total of DM reads is different following the revision of these meter reads, no change is made to the split between NDM and DM allocations. The difference between the total meter reads and the original total is smeared across all DM allocations. The change in allocations is reflected in a reconciliation invoice.

Proposal

It is proposed that when DM reconciliation takes place, any changes in the split between NDM and DM allocations for that exit zone should be reflected in the reconciliation. This would require DM and NDM reconciliations to take place simultaneously in most cases.

Reason for urgency

DM reconciliation has not yet taken place, however it is likely that a DM reconciliation process will be required in March. This proposal must be considered before that reconciliation takes place.

Possible impact on customers

An improvement in the DM reconciliation process is likely to result in more accurate bills for customers.

Date for Representations

Representations to Richard Gray, Transco (fax: 0121- 711 1451) by close of play Thursday 13 March. Ofgas contact - Peter Lambert (tel: 0171-932 1681).