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Our Ref.
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2 January 2007

Dear Julian,

Re: Modification Proposals 0124: "Amendment to the window for acceptance of meter reads by the Transporter"

Thank you for the opportunity to comment on this Modification Proposal.

British Gas Trading (BGT), as proposer, fully supports its implementation.

Background

During November 2005, a number of modification proposals were implemented to protect UK Link system integrity and capacity from the potential submission of volumes of meter reads greater than the 400,000 readings per day. At that time a validation routine was applied to the system to identify the variance in business days between the meter reading date and file submission date.

Prior to November 2005, there were no such validation routines in place, relating to read dates and submission dates, and UK Link accepted all meter readings provided by shippers subject to normal meter read validation rules.

On the 10 March 2006, Xoserve issued a communication to shippers, numbered and entitled NR/610/DA – Temporary Change to Cyclic Meter Reading Validation Routine. Within this communication Xoserve advised that a number of shippers had highlighted to them that they had volumes of meter reads which fall outside of the 10-day parameter and had requested that validation be relaxed to enable readings to be submitted.

Xoserve further advised that arrangements had been made to extend the 10-day parameter to 99 days effective from 20 March 2006, for a period of three months.

A further communication was issued by Xoserve on 23 June 2006 numbered NR/640/DA, which advised shippers that with effect from 16 June 2006, the 10-day validation rule, as per UNC section M 3.3.6, would be reinstated.

Following the reinstatement of these validation rules, BGT continued to find that, operationally, the 10 day parameter was too tight a window to enable the provision of all validated readings to Xoserve and following conversations with Xoserve, decided to raise modification proposal 124 to amend the existing parameters to allow shippers to ensure that as many readings as possible are able to be validated and provided to Xoserve.

The Proposal

The primary intention behind this modification proposal is to allow a greater number of actual meter readings to be accepted by Xoserve, acting as the Transporters' agent, than is currently permitted under the Uniform Network Code (UNC).

The proposal was discussed within the Distribution Workstream on 23 November 2006, where the consensus of attendees agreed that development of the proposal was complete and should proceed to the consultation phase. Further, at that meeting it was also agreed that a move to 15 days was the optimum cut off point at this time, due to the existing system limitations within UK Link, rather than the 20 days which BGT originally proposed in an earlier version of the modification and the proposal was amended.

The processing of meter readings is a complex supplier process and is not as simplistic as purely forwarding on meter readings, which are received by suppliers from meter reading agents. BGT and, we believe, other Users, can at times struggle to ensure that all actual meter readings are submitted within the timeframe currently set out in the UNC.

Numerous validation processes are undertaken by shippers, to ensure that reads received are indeed valid, this process subsequently produces rejections or queries which need to be communicated back to, and addressed by, the meter reading agent for reprocessing.

Further we operate interactive customer read collection processes, where for example a customer may provide a meter reading which was taken numerous days in the past, similarly to meter readings provided by meter read agents, there are a volume of readings which will need to be queried with the customer before being processed.

Given the aforementioned, the current window for the provision of meter readings by shippers of 10 days, does not provide shippers with sufficient flexibility in their meter reading procurement and validation processes and ultimately reduces the volume of important meter reading information which can be provided to and ultimately processed by Xoserve.

Acceptance of meter readings by Xoserve is necessary for the equitable allocation of charges between players in the non daily metered market, and the provision of robust and vital industry data should not be constrained due to technology limitations.

BGT fully appreciates the existing issues with the UK Link system, regarding its processing capacity, and along with all shippers continues to do everything possible to provide a smooth profile when submitting meter read files. We further recognise that Xoserve have appropriate and robust systems in place to deal with any isolated occasions where maximum daily volumes are breached.

Extending the existing timeframe to 50% within 10 days and 100% within 15 days would enable more reads to be submitted by shippers and therefore improve the accuracy of the allocation of energy through the reconciliation process, specifically for the reconciliation of Larger Supply Points. It would also provide for a greater number of meter reads to be accepted for purposes of setting Annual Quantities (AQ) which itself will improve the accuracy of deeming volumes of energy at supply points.

Effective competition between relevant suppliers will also be improved. As part of the customer transfer process, with more valid meter readings provided, Xoserve will be able to hold more up to date and accurate meter read data. This will improve the accuracy of opening estimated meter readings, where provided by Xoserve at change of supply, and will ultimately reduce the number of disputed meter reads and the number of shipper agreed reads which will need to be progressed by suppliers. Ultimately, this improves the efficiency of the change of supplier process and improves the customer experience when transferring.

By maximising the provision of meter readings by shippers, a positive impact will also be had upon the Must Read process and have the likely impact of reducing the volume of readings that need to be procured by the Transporter.

Implementation

During the development phase of this proposal Xoserve advised that movement from the existing 10 day window, for the acceptance of valid meter readings, to a 15 day window would not be a complicated change and would purely require a small systems change to amend the parameters currently set within UK Link. Subsequently the costs associated with implementation of this change would be minimal.

Indeed, a similar change was previously made by Xoserve, albeit temporarily, in Quarter 2 of 2006, as detailed earlier in our response.

During the development of this proposal, Xoserve also advised the Distribution Workstream, that following the UK Link technology refresh, which is due to take place in November 2007, a further review of the window would be undertaken to assess the potential of revising the window further to 20 days, as per the original version of our proposal.

Please contact me if you require any further information.

Yours sincerely,

Chris Wright
Contracts Manager