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29th December 2006

Re: UNC Modification Proposals 0124 “Amendment to the window for acceptance of Meter Reads by the Transporter”

Dear Julian

Thank you for the opportunity to comment on the above UNC Modification Proposal. Wales & West Utilities (WWU) are unable to support this Modification Proposal at this point in time.

Wales & West Utilities have reviewed the modification proposal and can comment as follows:

It is not clear from the Modification Proposal, or from discussions within the Distribution Workstream meetings, why it is necessary for the window of acceptance for meter reads to be increased to 2 & 3 calendar weeks for 50% and 100% of reads. The Proposer has identified that increased number of parties in the process and the need for validation to be carried out are contributing factors. Without further information and understanding we are not able to determine the significance of this.

There have been many industry developments regarding Automated Meter Reading (AMR) and ‘Smart’ Meters (including recent Modification Proposal 0088) that look to embrace new technology and improve the accuracy and timeliness of information; primarily meter reads. The implementation of this Modification would have the opposite effect with regard to improving timeliness of reads and submissions.

If validation of meter reads is a time consuming process we would expect to see similar timescales for all read submissions and not the straight line profile that we currently use (50% within 5 Days and 100% within 10 Days) or the slightly amended profile that is being proposed. However, if validation checks are causing a small percentage of reads to fail the 10 Days specified we would have expected to have seen a Proposal that accounts for this, for example, adding an extra requirement for, say, 90% or 95% of reads. By introducing a ‘buffer’ for the small percentage that require extra validation time this would still allow the majority of reads to be submitted in a timely manner, reduce the risk of failure under Section M3.3 of the UNC and achieve the same objectives as this proposal by allowing for an increased number of successful reads to be submitted.

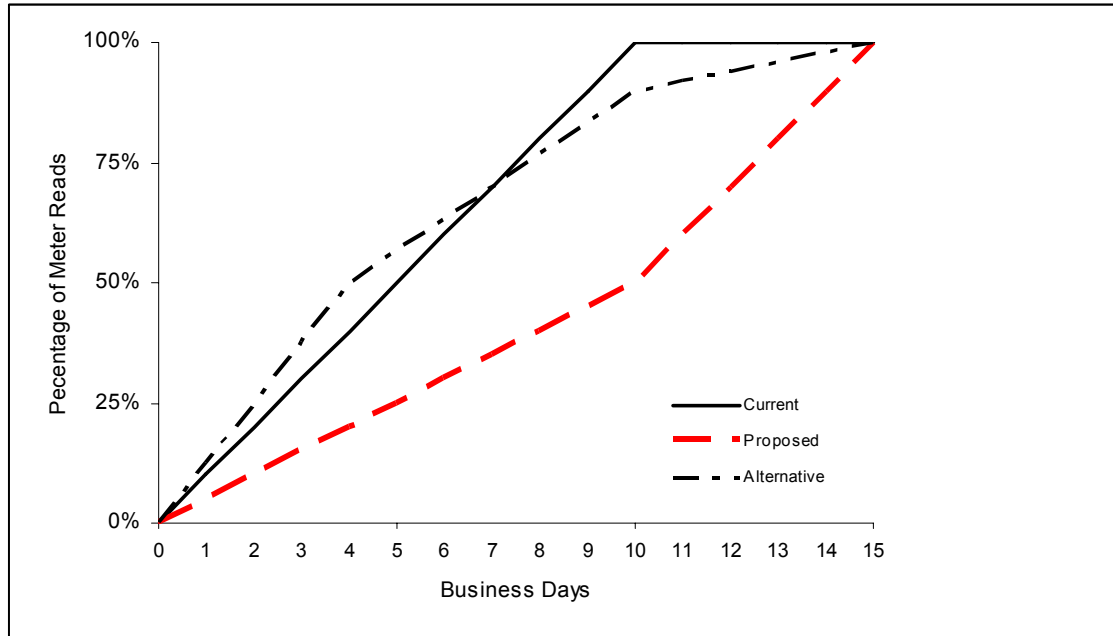
24 hour gas escape number
Rhif 24 awr os bydd nwy yn gollwng

0800 111 999*

*calls will be recorded and may be monitored
caiff galwadau eu recordio a gellir eu monitro

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The following chart illustrates the current, the proposed and this possible alternative solution:



This would appear to offer a more beneficial solution as it maintains a higher number of reads within the 10 Day period with a 'buffer' zone for meter reads that required lengthy validation. We have not raised this as an alternative Proposal as this would only solve validation issues and not the process issues that, as mentioned above, we are not fully aware of.

The limit for processing meter reads on Sites & Meters is approximately 400,000 per day. The number of reads received on any given day should, in theory, never reach this limit as meter reads can be taken and submitted at any point in time during the year. A 'flat' profile of submitted reads could therefore be expected but it is appreciated that this can not always be the case, with the 5 and 10 Day acceptance window a degree of 'stock-piling' can take place where a Shipper will submit a greater volume of reads at a time and subsequently less submissions over the year. By increasing the acceptance window the risk of stock-piling is increased and subsequently the risk of the 400,000 limit being breached increases.

We have asked xoserve to carry out some analysis on the current performance levels to establish if this Modification Proposal would result in an increased level of valid meter reads. We can only carry out this analysis using the data that has been submitted, if Shippers are removing reads that are passed the 10 Day limit from submissions it will not be possible to demonstrate any benefits. xoserve have completed some initial analysis but hope to have more detailed information available in January 2007. Due to the commercial sensitivity of this data it will not form part of the Final Modification Report; however, it can be supplied to the Authority once available.

For the initial analysis xoserve have looked at submitted data from a set number of Shippers in November 2005 and December 2006. The November 2005 data is from the period when the 10 Day validation was implemented although the UK Link changes were made in February 2006.

This represents a large sample size and accounts for over 300,000 and 500,000 reads in November 2005 and December 2006 respectively.

The percentage of reads that were over 10 days in November 2005 accounted for 14.6% of all submitted reads and the average percentage for the Shippers sampled was 6.4%).

The percentage of reads that were over 10 Days in December 2006 accounted for 8% of all submitted reads and the average percentage for the Shippers sampled was 5.3%)

By applying the Proposal of moving to a 15 Day limit it is possible to quantify the benefit based on submitted reads only. If Shippers are actively removing reads that have passed the 10 Day limit these reads will not be included in this data (All Shippers used in this analysis had reads that were submitted after the 10 Day period which suggests that they are not removed).

For December 2006 the proposed limit of 15 Days would increase the valid read percentage by 2.2%. This equates to the percentage of reads over a 15 Day limit being 5.8% of all submitted reads and the average percentage for the Shippers sampled would be 4.7% (down by 0.6%).

Based on this analysis we do not believe the benefits, that we can demonstrate, are significant enough when compared with the risk of a greater percentage of reads being delayed and submitted between 10 and 15 Days and the potential risks of stock-piling.

We have reviewed specific sections of the Modification Proposal and can comment as follows:

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

We agree with the Proposer that by the acceptance of more valid Meter Readings it would facilitate more accurate allocation of energy and transportation charges between Users. It is not known how many more reads would be accepted if this modification proposal was implemented and the materiality of this benefit can therefore not be quantified. We can not currently agree that this Modification is necessary to deliver this benefit; there may be process issues that need to be addressed prior to the point of read submission that would be of equal or greater benefit.

The Authority did indicate during Workstream discussions that any information or data regarding the potential increases in meter reads would be helpful when making a decision on implementation, the analysis that Xoserve have carried out will help with this and hopefully further information will be submitted by the Proposer (and/or other Shippers) in due course.

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

No implications have been identified

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

a) implications for operation of the system:

No implications have been identified

b) development and capital cost and operating cost implication, c) extent to which it is appropriate to recover the costs, and proposal for the most appropriate way to

recover the costs & d) analysis of the consequences (if any) this proposal would have on price regulation:

xoserve are currently carrying out an impact analysis in relation to this change. It may be possible to include the outcome of this work within the Final Modification Report if time allows.

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

No such consequences have been identified

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

UK Link changes would be necessary and xoserve are currently looking at the implications of this Proposal.

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

Users would be able to submit an increased number of meter readings and submit them later than at present. It is difficult to see how increasing the timescales of a process and delaying information can be seen as a step forward within the industry.

If you have any questions regarding this Modification Proposal Representation please do not hesitate to contact myself or Simon Trivella.

Yours sincerely

Liz Spierling
Commercial Manager, Transportation
Wales & West Utilities