

98/05/11/04



07 May 1998

Direct Dial: 0171-932-1652

Our Ref : CMS/MR/6

Mr Richard Gray
BG Transco
31 Homer Road
Solihull
West Midlands
B91 3LT

Dear Richard

Modification 229 (Removal of competitive advantages from Transco (MR))

Ofgas have considered the request from Eastern for Modification proposal 229 (Removal of competitive advantages from Transco (MR)) to be made 'urgent' and Transco's views in the letter from David Thomas of 27 April 1998.

We do not consider that Modification 229 warrants an 'urgent' timetable. Ofgas supports the principle of the modification, i.e. to separate from the core monopoly business from Transco's meter reading activities, that are in competition with other Meter Reading Agencies. However please find below the reasons for our decision on urgency.

- We believe that the physical and financial separation of meter reading is best taken forward within Ofgas' work on unbundling metering services, including meter reading services. Work is presently being taken forward on this issue, and we expect to publish an initial document in June 1998.
- We are of the opinion that the modification proposal was made too late to resolve the issues prior to shippers having to decide on whether or not to sign the Incentive Based Contract, in order to comply with the Network Code requirement to give 2 months notice of their intention to purchase meter reading services other than via Transco.

We believe that this modification would benefit from further industry discussion. In view of the fact that the debate may be fairly detailed and could attract much industry we would expect it to be dealt with in a Metering/SPA Workstream sub group.

If you require further clarification please contact me or my colleague Cathy Back on 0171-932-1672.

We would appreciate it if you would distribute this letter to all shippers.

Yours sincerely

A handwritten signature in black ink, appearing to read "Nick Fincham", followed by a long horizontal flourish line.

Nick Fincham
Director, Supply Regulation

cc. Mr David Thomas, Transco

98/05/07/06



Modification Proposal 229
Removal of competitive advantages from Transco (MR)

7 May 1998

Present Position

The provisions of Transco's Network Code for non-daily meter reading as at 1 March 1996 were devised on the basis that, initially, only Transco would be the meter reader. This is one reason why there is no proper distinction in section M of the Network Code between Transco PGT, the holder of the transportation licence, and Transco Meter Reader (MR). Transco MR provide a non-daily meter reading service for shippers outside Network Code, through contracts with five Meter Reading Agencies (MRA's).

Proposal

- 1) To ensure that a clear distinction is made between Transco MR and Transco PGT, with the former not enjoying a better service from the transporter than that offered to non-Transco MRA's.
- 2) To ensure that all meter information on the supply point register is maintained in a timely manner, such that any meter point can be 'unbundled' with confidence.

Possible impact on customers

Shippers would have confidence in the quality of data held about meter points by Transco PGT which may give them the confidence to purchase non-daily meter reading services other than via Transco at a potentially lower cost. Shippers would have greater control over the update of data held by Transco.

Timetable

This modification has been rejected by Ofgas as urgent following Eastern Natural Gas' request that it be treated as urgent. Ofgas has recommended to Transco that this modification be dealt with through a sub-group of the SPA / Metering workstream.

The Ofgas contact for this modification is Cathy Back on 0171-932-1672.
The Transco contact is Michele Ward on 0121-746-4305.