

John Bradley
Joint Office of Gas Transporters
31 Homer Road
Solihull
B91 3LT

Richard Court
Commercial Manager, Distribution
Richard.court@uk.ngrid.com
Direct tel +44 (0)1926 65 6146

www.nationalgrid.com

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Your Reference: Modification Proposal 0242

Dear John,

Re: Modification Proposal 0242 - Changes to the window for the submission of Valid Meter Readings

Thank you for your invitation seeking representations with respect to the above Modification Proposal. National Grid (Distribution) ('NGD') supports the implementation of this proposal. We believe that maximising the opportunity for Users to provide timely meter readings to the Transporters can only facilitate the effective operation of the settlement processes operated by Transporters, specifically timely reconciliation of Larger Supply Points and increasing the accuracy of Annual Quantities. We believe that, on balance, these potential benefits outweigh our concerns as identified in our comments in respect of section 10 of the Draft Modification Report (below).

NGD has the following comments to make in respect of specific sections of the Draft Modification Report which is the subject of this consultation:

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

We agree with the proposer that enabling the acceptance of a greater quantity of meter readings will facilitate effective competition between relevant shippers where these readings trigger more frequent reconciliation or enable the calculation of an AQ where in absence of such there would be insufficient readings to do so.

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

Where a User is able to supply further meter readings in line with its cyclic meter reading obligations this reduces the likelihood of the Transporter being required to procure a 'must read' pursuant to TPD Section M3.6.

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

Advantages

We would point out that the level of benefit will depend entirely on the quantity of additional readings that are provided by Users as a consequence of implementation.

The proposer has suggested in its proposal that implementation would allow 'a much higher proportion' of Valid Meter Readings to be accepted by Transporters. We believe that attempting to identify such would prove beneficial in assessing the merits of the Proposal, specifically in light of the Authority's view expressed in its decision letter for UNC Modification 0124:

“We acknowledge the comments of one party on the provision of further information in relation to the potential increases in the number of meter readings submitted. However such additional analysis was not available or submitted as part of this modification proposals final modification report (FMR). Whilst we support this modification proposal, the provision of more detailed cost-benefit analysis would have proved useful and is something we encourage the industry to spend more time developing as part of future modification proposals”.

We have therefore undertaken a review of reading submission over the last 12 months and identified that in addition to the 55 million readings accepted, an further 284,500 (0.5%) would have been accepted if the extended window applied i.e. these readings were rejected due to the submission date being between 15 and 25 days subsequent the date of the reading.

Clearly an appropriate level of reliance should be attached to this data as an indicator as Users may proactively remove aged readings from their submissions. Therefore the statistics quoted should be viewed as the **minimum** level of additional readings that will be acceptable in the event of implementation. To assist in the evaluation of the benefits of the proposal, it would be useful if Users could provide an indication of the level of additional readings that would be provided to the Transporter if implemented.

Disadvantages

Whilst, as pointed out by the proposer, a number of changes to the UK Link system have been introduced, we are nevertheless mindful of the impacts of increased daily peak volumes of readings which may be exacerbated by an extended window within which to submit 50% of meter readings. With the ongoing development of the automated meter reading / Smart metering market there is an increased likelihood of a greater volume of cyclic reads being submitted to Transporters which prospectively may increase the peaks experienced to date.

We believe that the procurement of readings from such devices should in fact speed up the meter validation processes operated by Users and *reduce* the time lapse between reading procurement and reading submission (to the Transporter).

It is worthy of note that if the UK Link prescribed daily limit remains 400,000 and if this is exceeded causing a UK Link Failure (TPD Section U7.6.1(a)) then the Transporters are not liable to pay amounts detailed in TPD U7.6 where the failure is attributable to the behaviour of a User. Failure to comply with the limits set out in the UK Link Manual would be categorized as an “Inappropriate User Action” (U7.6.1(g)) and as such would be taken into consideration when determining the performance of UK Link.

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

Changes would be required to adjust the parameterised value from 15-day to 25-day systems validation of meter reading origin dates relative to submission dates. It is anticipated that the costs of making such a change will be minimal.

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

Determination of a proposed implementation timescale will require consideration of any lead time for xoserve systems development and the formal change release schedule defined in TPD section U8.

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

Where the maximum peak volumes of readings exceeds 400,000 and such breach results in a UK Link failure, there is a risk that any Code Standard of Service that relies on the UK Link system for its delivery will not be met.

We trust these comments will be useful for compilation of the Final Modification Report. Please contact Chris Warner 01926 653541 (chris.warner@uk.ngrid.com) should you require any further information with respect to the above.

Yours sincerely

Richard Court
Commercial Manager, Distribution.