Modification Report
NDM Demand Estimation Sampling - Access to the Supply Meter Installation
Modification Reference Number 0676

Version 1.0

This Modification Report is made pursuant to Rule 7.3 of the Modification Rules and follows the format required under Rule 8.9.3.

1. The Modification Proposal

Modification of the Network Code is required to establish that the Registered User will co-operate with Transco in ensuring that the sample of NDM Supply Meter Points is "fit for purpose".

2. Transco's Opinion

This Modification Proposal is one of a suite of, and is complimentary to, seven relating to the Review of Gas Metering Arrangements (RGMA) programme and numbered 0672 - 0678.

It is Transco's view that this Modification Proposal should be implemented.

The Meter Asset/Work Unbundling sub-group of the Supply Point & Billing Workstream has identified that Modification of the Network Code is required to reflect the above requirements. Business rules were developed by the sub-group which are attached.

At present the Network Code (H1.6.3(ii)) commits Transco not to select as a sample site any premises in respect of which the end consumer objects to participation in the sample. Additionally it is Transco's understanding that the terms of the Gas Act are such that the end consumer alone (not the shipper nor Transco) has the right of absolute veto in respect of participation or non-participation in the sample.

(H1.6.3(ii)) also currently commits the relevant shipper to assist Transco in obtaining the consent of the end consumer.

Without relevant provisions which assists Transco to access the site to install and maintain and gather data from equipment for NDM Demand Estimation data acquisition purposes, it may not be possible to continue to operate the existing NDM sample and continue to provide the necessary continuity of NDM profile generation each year.

3. Extent to which the proposed modification would better facilitate the relevant objectives

Transco has no "rights" under the Gas Act to access and install a data recorder or NDM datalogger irrespective of the meter asset owner. There is therefore a risk that:

- Transco may not be permitted continued access to its equipment thus installed for data collection and/or maintenance purposes.

- Transco may not be permitted access to meter installations to install new data acquisition equipment for NDM Demand Estimation sampling as may be required to ensure that the NDM sample continues to be "fit for purpose".

It is therefore important that matters associated with the above be adequately addressed such that Transco is able to fulfill its Network Code NDM Demand Estimation obligations.

This Modification Proposal is consistent with Transco's GT Licence 'Relevant Objective' of facilitating the efficient and economic operation by the licensee of its pipe-line system.

4. The implications for Transco of implementing the Modification Proposal , including

a) implications for the operation of the System:

No implications for the operation of the system have been identified.

b) development and capital cost and operating cost implications:

There are no significant costs associated with implementing this Modification Proposal.

c) extent to which it is appropriate for Transco to recover the costs, and proposal for the most appropriate way for Transco to recover the costs:

Not applicable.

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

No such consequences have been identified.

5. The consequence of implementing the Modification Proposal on the level of contractual risk to Transco under the Network Code as modified by the Modification Proposal

Implementation of this Modification Proposal would not increase the level of Transco's contractual risk.

6. The development implications and other implications for computer systems of Transco and related computer systems of Users

No systems changes are required to enable implementation of this Modification Proposal.

7. The implications of implementing the Modification Proposal for Users

Users would be expected to implement measures to assist Transco in installing and maintaining its NDM 'sample' dataloggers and data recorders.

8. The implications of implementing the Modification Proposal for Terminal Operators,Consumers, Connected System Operators, Suppliers, producers and, any Non-Network Code Party

No such implications have been identified.

9. Consequences on the legislative and regulatory obligations and contractual relationships of Transco and each User and Non-Network Code Party of implementing the Modification Proposal

No such consequences have been identified.

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

Advantages:

- Facilitates Transco's ability to procure relevant NDM 'sample' data in accordance with its Network Code obligations.
- Ensures support and co-operation is forthcoming from Users with respect to Transco securing that its NDM 'sample' is 'fit for purpose'.

Disadvantages:

No disadvantages have been identified.

11. Summary of the Representations (to the extent that the import of those representations are not reflected elsewhere in the Modification Report)

Four representations were received with respect to this Modification Proposal. Three respondents express support for its implementation and one does not express a view.

British Gas notes that it is essential that representative, statistically significant NDM data samples be maintained to ensure the robustness of the NDM deeming algorithm models. Transco concurs with this view.

One respondent has provided comments on the legal text. These are detailed below with Transco's response:

Provision	Comment
H1.6.9(a)	Add “and operating” after “establishing”. <u>Transco does not believe this is needed.</u> *This does not specifically refer to the samples are fit for purpose as in the Business Rules – do you want a specific reference to paragraph 1.6.2?*

	Transco does not believe this is needed.
Business Rule (11) 2	The fourth and fifth bullet points have not been incorporated. Transco believes these are adequately covered in H1.6.1 and H1.6.2.

12. The extent to which the implementation is required to enable Transco to facilitate compliance with safety or other legislation

Implementation is not required to facilitate such compliance.

13. The extent to which the implementation is required having regard to any proposed change in the methodology established under Standard Condition 4(5) or the statement furnished by Transco under Standard Condition 4(1) of the Licence

This Modification Proposal is not required to facilitate any such change.

14. Programme of works required as a consequence of implementing the ModificationProposal

No programme of works are required to facilitate implementation of this Modification Proposal.

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

This Modification Proposal should be implemented effective from 12 July 2004, being the RGMA 'cutover' date.

16. Recommendation concerning the implementation of the Modification Proposal

Transco recommends that this Modification Proposal be implemented.

17. Restrictive Trade Practices Act

If implemented this proposal will constitute an amendment to the Network Code. Accordingly the proposal is subject to the Suspense Clause set out in the attached Annex.

18. Transco's Proposal

This Modification Report contains Transco's proposal to modify the Network Code and Transco now seeks direction from the Gas & Electricity Markets Authority in accordance with this report.

19. Text

Section H - Demand Estimation and Demand Forecasting

1.6 NDM Sampling

1.6.1 For the purposes of development of End User Categories and Demand Models Transco will obtain data (which may, subject to paragraph 1.6.7, include estimates of missing data) as to daily offtakes of gas at the Supply Meter Points comprised in a sample of NDM Supply Point Components in LDZs.

1.6.2 For the purposes of paragraph 1.6.1:

~~(i)~~(a) Transco shall be entitled at its cost to install, operate and read data recorders at NDM Supply Meter Points from time to time selected by Transco;

~~(ii)~~(b) Transco will designate (as sampled for such purposes) NDM Supply Meter Points at which Daily Read Equipment is installed or at which it wishes to install Daily Read Equipment and which are comprised in Supply Points whose Annual Quantities are not greater than 2,196,000 kWh (*75,000 therms*);

~~(iii)~~(c) the sample will be selected by Transco by random sampling from NDM Supply Point Components having different Annual Quantities and geographical locations.

1.6.3 For the purposes of paragraph 1.6.2~~(i)~~:

~~(i)~~(a) a data recorder is a device which captures Meter Readings at the start of each Day, but is capable of being read only at the Supply Point Premises;

~~(ii)~~(b) Transco will not select any NDM Supply Meter Point for installing a data recorder or Daily Read Equipment without the consent of the consumer;~~and the Registered User agrees to cooperate with Transco in obtaining such consent.~~

1.6.9 The Registered User will co-operate with Transco:

(a) in enabling access (where required) to Supply Meters for the purposes of establishing the NDM samples of NDM Supply Point Components and in ensuring that such samples are and will continue to fulfil the requirement to obtain the data as described in paragraphs 1.6.1 and 1.6.8;

(b) in obtaining the consent (where required) of any relevant person including the consumer for the installation, operation and reading of the data recorder or Daily Read Equipment at NDM Supply Meter Point.

Signed for and on behalf of Transco.

Signature:

Chris Train
Director
Support Services

Date:

Gas and Electricity Markets Authority Response:

In accordance with Condition 9 of the Standard Conditions of the Gas Transporters' Licences dated 21st February 1996 I hereby direct Transco that the above proposal (as contained in Modification Report Reference **0676**, version **1.0** dated **23/03/2004**) be made as a modification to the Network Code.

Signed for and on Behalf of the Gas and Electricity Markets Authority.

Signature:

The Network Code is hereby modified with effect from, in accordance with the proposal as set out in this Modification Report, version **1.0**.

Signature:

Process Manager - Network Code

Transco

Date:

Annex

1. Any provision contained in this Agreement or in any arrangement of which this Agreement forms part by virtue of which The Restrictive Trade Practices Act 1976 ("the RTPA"), had it not been repealed, would apply to this Agreement or such arrangement shall not come into effect:

   (i) if a copy of the Agreement is not provided to the Gas and Electricity Markets Authority ("the Authority") within 28 days of the date on which the Agreement is made; or

   (ii) if, within 28 days of the provision of the copy, the Authority gives notice in writing, to the party providing it, that he does not approve the Agreement because it does not satisfy the criterion specified in paragraphs 1(6) or 2(3) of the Schedule to The Restrictive Trade Practices (Gas Conveyance and Storage) Order 1996 ("the Order") as appropriate

   provided that if the Authority does not so approve the Agreement then Clause 3 shall apply.

2. If the Authority does so approve this Agreement in accordance with the terms of the Order (whether such approval is actual or deemed by effluxion of time) any provision contained in this Agreement or in any arrangement of which this Agreement forms part by virtue of which the RTPA, had it not been repealed, would apply this Agreement or such arrangement shall come into full force and effect on the date of such approval.

3. If the Authority does not approve this Agreement in accordance with the terms of the Order the parties agree to use their best endeavours to discuss with Ofgem any provision (or provisions) contained in this Agreement by virtue of which the RTPA, had it not been repealed, would apply to this Agreement or any arrangement of which this Agreement forms part with a view to modifying such provision (or provisions) as may be necessary to ensure that the Authority would not exercise his right to give notice pursuant to paragraph 1(5)(d)(ii) or 2(2)(b)(ii) of the Order in respect of the Agreement as amended. Such modification having been made, the parties shall provide a copy of the Agreement as modified to the Authority pursuant to Clause 1(i) above for approval in accordance with the terms of the Order.

4. For the purposes of this Clause, "Agreement" includes a variation of or an amendment to an agreement to which any provision of paragraphs 1(1) to (4) in the Schedule to the Order applies.