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

Version 1.0

This Draft 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 Non-Daily Metered (NDM) Supply Meter Points is "fit for purpose".

Section H of the Network Code sets out Transco's obligations with respect to Non-Daily Metered (NDM) Demand Estimation.

The daily balancing regime requires a means of allocating aggregate NDM demand (measured by difference between LDZ demand and aggregate DM demand) on a daily basis to NDM Supply Points. This is achieved by NDM profiles produced for different types of end users (known as End User Categories). These profiles are produced annually by Transco each spring as proposals for the next gas year.

Without these profiles and the processes that lead to their annual production there can be no daily balancing process as currently envisaged under the Code. Thus, the task of NDM demand estimation as set out in Section H of the Network Code Principal Document is essential if effective daily balancing is to continue. NDM profiles are generated from demand models which themselves are derived from daily consumption data for a sample of NDM Supply Points of different characteristics encompassing the whole range of applicable End User Categories.

The sample at present is made up of two distinct types of devices, dataloggers and data recorders.

With the advent of the regime as envisaged by the Review of Gas Metering Arrangements (RGMA) and the fact that Supply Meters may be owned by many different parties, while it would normally liaise directly with the end consumer, Transco requires the support and co-operation of the Registered User for the purposes of ensuring that it is able to sustain the NDM sample. Typically this would be to facilitate access and help ensure that third parties do not do anything wilfully detrimental to Transco's task of data acquisition.

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)

Representations are now sought.

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. 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)~~(i)~~ 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)~~(ii)~~ 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.

Representations are now sought in respect of this Draft Report and prior to Transco finalising the Report

Signed for and on behalf of Transco.

Signature:

Chris Train
Director

Support Services

Date:

Appendix

Business Rules (11) – NDM Sampling H1.6

The following business rules provide a brief summary of the proposed Network Code provisions required for NDM Sampling. Further to a review of the existing rules for meter asset unbundling the impacts are as follows:

IMPACTS: REVISIONS REQUIRED TO EXISTING RULES TO PERMIT TRANSCO TO SELECT NDM SAMPLE SITES H1.6.2.

NEW PROVISIONS ON USERS TO ASSIST TRANSCO IN GAINING ACCESS WHERE REQUIRED FOR THE PROCESS OF ESTABLISHING A NDM DEMAND ESTIMATION SAMPLE AND INSTALLATION OF DAILY READ EQUIPMENT IN ADDITION TO DATA RECORDERS (SEE H1.6.3).

REASON: **Supply Meter Installations may be owned by many different parties and Transco needs access to NDM sample sites to comply with its obligations for Demand Estimation.**

DEPENDENCIES: M4.1 Daily Read Equipment (see Business Rules)**.**

1. Transco will develop End User Categories and Demand Models from data it obtains relating to daily offtakes of gas at the Supply Meter Points comprised in a sample of NDM Supply Point components in LDZs. ***(Network Code H1.6.1 - unchanged).***

2. To facilitate the process as defined above:

   - Transco will select a random sample from NDM Supply Point Components with different Annual Quantities and from different geographical locations.
   - Transco will designate NDM Supply Meter Points at which it wishes to install data recorders and Daily Read Equipment.
   - Transco will, at its cost, install and operate data recorders or Daily Read Equipment at such NDM Supply Meter Points.
   - It is Transco's responsibility to ensure that the sample of NDM Supply Point components is fit for purpose.
   - All NDM Supply Points are in principle available for selection by Transco for inclusion in the sample of NDM Supply Point Components.

3. For the purposes of the above:

   - A data recorder is a device which captures Meter Readings at a Supply Meter Installation, but can only be read at the Supply Point premise.
   - Registered users will co-operate with Transco for the purposes of ensuring that the sample of NDM Supply Point Components is and continues to be fit for purpose.
   - Specifically, Registered Users will cooperate with Transco in enabling access, where required, to Supply Meters for the process of establishing and operating the NDM sample.
   - Transco will not select any NDM Supply Meter Point for installing a data recorder or Daily Read Equipment without the Consumer's consent and the Registered User agrees to co-operate with Transco

in gaining such consent. ***(Network Code H1.6.3 – Revised to include new provisions for Registered Users co-operate with Transco in ensuring the NDM Sample continues to be fit for purpose).***

4. For each Gas Year an NDM Supply Point Component at which a data recorder or Daily Read Equipment is for the time being installed is a 'Sampled' NDM Supply Point Component. **(*Network Code H1.6.4 - unchanged).***

5. The aggregate number of Sampled NDM Supply Point components at Supply Points with Annual Quantities up to 2196 MWh pa will be a minimum of 3,900 or such other number as may be established as detailed in 6. ***(Network Code H1.6.5 - unchanged).***

6. Transco will consult with all Users and the Director on whether to reduce or increase the number or materially alter the identity or location of the NDM Supply Point Components which are sampled. ***(Network Code H1.6.6- unchanged).***

7. The data obtained by Transco for the NDM sample will be subject to validation by Transco. ***(Network Code H1.6.7- unchanged).***

8. Data used for the development of Demand Models will be data obtained for each gas year from Supply Meter Points comprised in Supply Point Components from a sample randomly selected by Transco having different Annual Quantities in an LDZ. The aggregate number of the Sample Components at Supply Points with Annual Quantities greater than 2,196 mWh p.a. will be a minimum of 1,600 or such other number as may be established as detailed in 6. ***(Network Code H1.6.8 - unchanged).***

Meter Asset/Work Unbundling Sub Group – Business Rules /NDM Sampling
Version – 2
Dated: 11 December 2001