Transco, Shippers and other parties

Promoting choice and value for all customers

Your Ref:
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19 August 2004

Dear Colleague,

Network Code Modification 0690 'Acceptance by the Gas Transporter of domestic prepayment meter reads obtained remotely at change of supplier and within the meter read window as Valid Reads'

Ofgem has considered carefully the issues raised by modification proposal 0690.

Having regard to the principle objective and statutory duties of the Authority, Ofgem has decided to direct Transco to implement modification proposal 0690 because we consider that the proposal will better facilitate the relevant objectives of Transco's network code as defined in standard condition 9 of it's Gas Transporters (GT) licence. In particular, it's objective of securing effective competition amongst relevant shippers and relevant suppliers.

This letter sets out the background events leading to the submission of this modification proposal and the reasons for Ofgem's decision.

Background

A number of shippers/suppliers who attend the Quantum Business Forum (QBF) have been considering how to utilise meter reads obtained via gas pre-payment charge cards. In particular, the QBF recommends the use of pre-payment reads obtained in the opening meter read window D 2 /D + 2 as opening meter reads.

Currently, Transco's network code requires that an opening meter read obtained for a NDM supply meter must be procured via a meter reader or via a customer and must be a reading of the meter index. In the event that a shipper fails to provide a read in the meter read window Transco will generate and provide an estimated meter read.

Modification Proposal

The modification allows meter reads obtained via domestic pre-payment gas cards charged during the meter read window to be considered as valid reads by Transco GT.

The modification proposes to extend the rules governing opening meter reads and allow shippers to submit reads that are obtained from gas cards used to operate pre-payment meters. These reads are passed by an infrastructure provider (in this case Siemens) to the relevant supplier/shipper for forward transmission to Transco.

Transco's Views

Transco supports the implementation of this modification. Transco suggests that the procurement of meter readings from pre-payment meters for supplier transfer purposes represents an innovation in the gas market. The increased likelihood of 'actual' accurate readings being provided to Transco is of benefit to the customer transfer process.

Shippers Views

Transco received five representations to its consultation. All respondents support modification 0690. Shippers comments are set out and discussed below.

Improve the customer transfer process

A number of respondents suggest that the proposed modification will improve the customer transfer experience for pre-payment customers and improve the accuracy of meter read information held on Transco's systems.

Accepting reads in these circumstances allows shippers/supplier to take advantage of innovations in the market place. The acceptance of these reads by Transco increases the likelihood of accurate readings being obtained and reduces the need to rely on estimated reads that are generated and provided by Transco.

Recording of PPM reads by Transco

One respondent questions how PPM notional reads will be recorded by Transco and suggests that an additional new read submission code should be added to reflect that PPM reads have been obtained by electronic means.

In its final modification report Transco acknowledges (subject to direction to implement) it would modify its UK-Link systems to enable it to record a new read identifier against a PPM read obtained in this way. Once this code is put in place the outgoing supplier would be informed that the read obtained was procured electronically.

Ofgem's Views

Ofgem supports measures that are put in place to improve the customer transfer process. The use of PPM reads that are obtained in the meter read window represents an improvement to the customer transfer process for the following reasons:

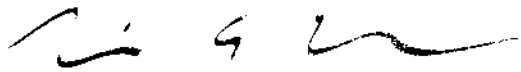
- It supports shipper/supplier aspirations to introduce innovative ways of obtaining meter reads;
- amending the network code to accept notional reads would negate the need to rely on Transco estimated reads which have been criticised by shippers as being unreliable and inaccurate;
- the modification increases the likelihood of accurate meter reads being used in the transfer process and reduces the reliance on the agreed reads process.

Ofgem's Decision

For the reasons set out above Ofgem has decided to direct Transco to implement modification proposal 690 as it will better facilitate the relevant objectives of its Network Code, as set out in Standard Condition 9 of its Gas Transporters Licence, in particular securing effective competition amongst relevant shippers and suppliers.

If you wish to discuss any aspect of this decision please do not hesitate to contact roger.morgan@ofgem.gov.uk or via telephone on 020 7901 7346.

Yours sincerely,



Iain Osborne

Director of Consumer Markets