Joint Office of Gas Transporters

Stage 03: Draft Modification Report

0424:

Re-establishment of Supply Meter Points – prospective measures to address shipperless sites

At what stage is this document in the process?

01 Modification

02 Workgroup Report

03 Draft Modification Report

04 Final Modification Report

This modification seeks to amend the existing provisions of the Uniform Network Code regarding Re-establishment of Supply Meter Points to ensure Supply Point Registration and recovery of relevant charges is achieved where gas is consumed at a Supply Point which has been subject to Effective Supply Point Withdrawal but the original Supply Meter remains connected (or has been reconnected) and is capable of flowing gas. Similar provisions regarding recovery of charges at Isolated only Supply Points are identified. The modification features other associated measures to mitigate the detrimental effect of 'shipperless sites' on Transporters and the User community.

Responses invited by XX October 2012.

Medium Impact: Transporters and Users.

Contents

About this document:

This document is a Draft Modification Report, which was issued for consultation responses, at the request of the Panel on 20 September 2012. The close-out date for responses is XX October 2012. The Panel will consider the responses and agree whether or not this modification should be made.

Any questions?

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1 Summary

Is this a Self-Governance Modification

The Modification Panel determined that this is not a self-governance modification.

Why Change?

Whilst clear in respect of User Transportation and energy charge liability, the current provisions of the UNC do not clarify the User registration status at a Supply Point which has been subject to Effective Supply Point Withdrawal but which remains capable of flowing gas.

Accordingly, whilst in such cases the User (Shipper) is liable for Transportation and energy charges, the Supplier is unable to recover its costs from consumer given that the lack of a registration in the Transporters Supply Point Register (SPR) means that there is no Deemed Supply Contract in place.

This potentially results in costs, which are smeared to the remainder of the industry.

Solution

It is proposed that the UNC be modified to clarify that the User's registration remains in place from the date of Effective Supply Point Withdrawal where the Transporter (or another party) identifies that the same Supply Meter is installed at the premises and is capable of flowing gas. The terms proposed specify how the Supply Point Registration is re-generated in the SPR.

The presence of a registration in the SPR will ensure that a Deemed Supply Contract is in place and thus enable the User to recover its costs through its supplier arrangements. This will result in the appropriate targeting of Transportation, energy and supply costs.

Measures are also identified to ensure appropriate recovery of relevant charges at Isolated only Supply Points.

Impacts & Costs

Implementation of the proposed terms would enable Users to recover the costs (to which they are exposed to pursuant to the prevailing terms of the UNC) through their supply arrangements. This would also reduce the overall population of 'shipperless sites', which has been highlighted as an industry concern in light of the risk of socialised costs being otherwise applied to the User community.

The proposed method of achieving re-registration is an existing process operated by both Users and Transporters (including the capability for the Transporter to register on the User's behalf). Notwithstanding this, it is expected that systems, process and administration costs are likely to be incurred by Transporters.

Implementation

Consideration will need to be given to identifying an optimum timetable for implementation. Consequently an implementation date is not identified at this point.

The proposed changes would have a prospective effect only and would not apply to

Supply Point Isolation and Withdrawal

UNC TPD Section G3 sets out comprehensive terms which set out the conditions under which Users are able to remove themselves from being Registered to a Supply Point or to limit their transportation charge liability.

any 'backlog' of shipperless sites, which currently exists.

The Case for Change

Where practically achievable, consumers should use gas pursuant to supply arrangements. The Gas Act Schedule 2B defines the circumstances where such supply arrangements are deemed to exist; however the current UNC terms prevent such arrangements being deemed to exist in the case of shipperless sites.

Given that Users already have the charging liability under the prevailing terms of the UNC, we believe it would be of benefit to the industry as a whole to enable deemed supply arrangements to exist by clarifying the SPR registration status in respect of the relevant shipperless sites. According to statistics provided by the Transporters' agent Xoserve, shipperless sites are an increasing population, which increases the risk of socialised costs.

Recommendations

All parties are invited to consider whether they wish to submit views regarding this modification.

2 Why Change?

Industry Concerns

Statistics presented at the Transporter agent (Xoserve) administered 'Shipperless and Unregistered Sites Working Group' illustrate an increasing number of Supply Points which have been subject to an Effective Supply Point Withdrawal but remain capable of flowing gas. This is typically identified as a consequence of the Transporter conducting a service disconnection under the Gas Safety (Installation and Use) Regulations 1998 on behalf of the Supplier. Under these circumstances the Transporter is unable to expedite the disconnection, which constitutes an inefficient use of its resources.

If appropriate action is not taken to address the situation there is a clear risk that the costs of any gas consumed at shipperless sites will continue to be inappropriately targeted and will alternatively be smeared to the remainder of the industry.

Shipperless and unregistered sites

Shipperless Site

A Supply Meter Point within the Supply Pont Register that has no current registered User, but previously had one

Unregistered Site

A Supply Meter Point within the Supply Point Register that has never been registered by a User

Origin and Summary of the Current Provisions

Network Code Modification 0675, implemented in July 2004, created the current framework to enable a Registered User to cease its registration at a Supply Point and was part of a suite of proposals designed to better facilitate the outcome of the Review of Gas Metering Arrangements (RGMA) programme. In broad terms, cessation of Supply Point ownership requires the User to submit a Supply Point Withdrawal (an expression to the Transporter that it intends to end its registration) and undertake physical works, which would have the effect of enabling an Isolation.

Under current arrangements the work required to 'cease the flow of gas' need not incorporate the removal or disconnection of the Supply Meter; for example this work may be restricted in scope to the clamping of the Emergency Control Valve.

The UNC provisions covering Re-establishment (TPD G3.7) incorporate terms that where a Supply Meter Point is Isolated (but not Withdrawn):

- if a Transporter becomes aware that gas is capable of being offtaken, it shall notify the Registered User; and
- if a User becomes aware that gas is capable of being offtaken, it shall inform the Transporter who shall Re-establish the Supply Meter Point.

The 'Re-establishment' terms also dictate that where an Effective Supply Point Withdrawal occurs (i.e. a Supply Meter Point Isolation is accompanied by a Supply Point Withdrawal submitted by the Registered User), the Supply Meter remains connected and gas is subsequently offtaken, the Registered User at the time of Isolation shall be liable for all charges as if an Isolation or Effective Supply Point Withdrawal had not occurred (TPD G3.7.5). There has been some industry discussion as to the correct interpretation of these provisions and specifically whether the term 'the Supply Meter' refers to any meter, which may be found to be connected, or whether it must be the same meter as existed at the point of Isolation. While some Workgroup participants consider this refers to the same meter, they acknowledge that ambiguity exists and have provided legal text to clarify the situation.

Despite User liability for charging, the current terms do not specifically require the User to re-register the Supply Point or permit the Transporter to re-register the Supply Point on the User's behalf.

User Recovery of Costs (TPD G3.7.5)

In the case of a Withdrawn Supply Point, where the User does not elect to re-register

the Supply Point, this would appear to create a risk to that User given that it is not able to recover from the consumer its costs in respect of the Transportation and energy charges it incurs under the UNC G3.7.5 terms. This is because in absence of a registration in the SPR there is no Deemed Supply Contract as per the provision of the Gas Act (Schedule 2B) para 8(2). In absence of such an arrangement there is no basis upon which a Supplier is able to recover supply charges.

Socialised Risks and Costs

On behalf of Transporters, Xoserve currently employs considerable resources to identify those Supply Points that have been subject to an Effective Supply Point Withdrawal and are nonetheless flowing gas (or are able to do so). In many cases this is identified by the Transporter where it undertakes a service disconnection under the Gas Safety (Installation and Use) Regulations 1998 (GSIU) on behalf of Supplier.

In circumstances where gas continues to be offtaken at a Supply Point, which is Isolated and Withdrawn, the Transportation commodity and energy cost exposure is borne by Users having Smaller Supply Points (SSPs) through the Reconciliation by Difference (RbD) mechanism. It is anticipated that an element of the energy cost would also be apportioned to Users having Larger Supply Points (LSPs) by the appointed industry expert (AUGE) under the Modification 0229 regime.

In its decision letter (dated 5 July 2004) in respect of Network Code Modification 0675 'Isolations - Changes required in accordance with the Review of Gas Metering Arrangements (RGMA)' Ofgem stated:

"Whilst it appears entirely pragmatic for meters to remain in place, where gas is no longer required for a short time, Ofgem is keen to ensure that meters do not remain connected and left in premises inappropriately, or for a long period of time, simply to avoid the costs of disconnection and removal. This could have implications for the transportation of gas and safety more generally.

Ofgem welcomes the assurance that Transco will conduct a site visit to ensure that safety aspects are maintained though it is likely that this work will focus upon the service pipe and not recovery of the meter. However Ofgem considers it likely that efficient competitive meter providers will have terms and conditions within their contracts to ensure that the supplier is charged for the meter, regardless of whether gas is actually flowing. This places an economic incentive on suppliers to have the meter removed when they are no longer in use as this would relieve them of the meter provision charges.

This is compounded by Transco's "cut off" charges as these could exceed the charge for disconnection and removal of the meter depending on the size of the meter. Ofgem will review this area as the competitive market develops, and to the extent required, may consider alternative remedies."

Some Workgroup participants consider that the UNC provisions should be rendered more robust in respect of the Isolation and Withdrawal regime and in particular the incorporation of measures which discourage offtake of gas in the absence of a User Registration (a so called 'shipperless site').

Collective responsibility

Shipperless sites where gas is being offtaken or is capable of being offtaken can arise under two circumstances:

- The User procuring a Supply Point Isolation and Withdrawal has not correctly undertaken the necessary physical works or has provided erroneous data
- The consumer has reconnected the meter or removed the device preventing the flowing of gas.

Some Workgroup participants agree that Transporters have an overarching responsibility for 'unregistered' Supply Points. These 'greenfield' sites frequently have no supply contract in place and in these circumstances, and that a GT has Licence obligations to investigate any offtake of gas and undertake reasonable endeavours to recover the cost of gas from the consumer where no Supplier is present. However in the case of shipperless sites, the view is that in certain cases a Deemed Supply Contract applies.

The purpose of this modification is threefold:

- To facilitate arrangements for ensuring that, with respect to a Supply Point where an Effective Supply Point Withdrawal has taken place, a User Registration is in place at a relevant Supply Point in circumstances where the Supply Meter is found to be connected to the Transporter's system and capable of flowing gas i.e. that the Supply Meter is not 'disabled' by an appropriate device (typically those identified within the Meter Asset Managers Code of Practice (MaMCoP)).
- To ensure that, in all circumstances where the same Supply Meter is found to be connected to the Transporter's system and capable of flowing gas, the Registered User or Previous Registered User is responsible for relevant Transportation and Energy Balancing charges during the period of Isolation or Effective Supply Point Withdrawal
- To ensure that Transporters are able to recover the costs from Users of so called 'abortive' visits. These occur where the Transporter is unable to cut off the service pipe in accordance with the Gas Safety (Installation and Use) Regulations 1998 (GSIU) for reason that the Supply Meter remains connected to the Transporters network and is capable of flowing gas.

3 Solution

Proposed UNC Changes

It is proposed that the current TPD G3.7.5 terms are extended such that the UNC reflects that where the Transporter identifies that gas is being consumed at a Supply Point which has no Registered User as a consequence of an Effective Supply Point Withdrawal, and the relevant Supply Meter which was installed at the point of Isolation has been re-enabled such that gas can flow (either through reconnection of the Meter of removal of any relevant disabling device), the 'Relevant Registered User' is required (upon receipt of an appropriate notice from the Transporter) to re-register the Supply Point in accordance with Section G2 of the Transportation Principal Document.

It will be noted that the provisions of TPD of G3.7.4 and G3.7.5 currently apply only if the User at the point of Isolation (G3.7.4) or Effective Supply Point Withdrawal chose to leave the Supply Meter connected to the Transporters network. A scenario may occur whereby the User chose to disconnect the Supply Meter from the Transporters network but elected not to remove the Supply Meter from the property. In circumstances where the same Supply Meter is subsequently found to have been reconnected and gas offtaken or capable of being offtaken, it is proposed that the Registered User (in the case of G3.7.4) or the previous Registered User (in the case of G3.7.5) should be liable for relevant charges including those associated with Transportation and Energy as set out in G3.7.4 and G3.7.5.

In the case of a Withdrawn Supply Point, in the event that the Relevant Registered User does not submit an appropriate Supply Point Confirmation within one calendar month of the appropriate notice from the Transporter, the Transporter would register the Supply Point on behalf of the Relevant Registered User using the data attributes pertinent to the relevant Supply Point as at the point of Effective Supply Point Withdrawal. This would include utilising the Meter Reading taken at the time of identification of the Supply Meter being connected to the Transporter's network and capable of offtaking gas for the purposes of calculating an Opening Meter Reading. The relevant Meter Information would be reapplied to the Supply Point Register for the day following the date notified to the Transporter indicating original removal of the relevant Supply Meter and the closing Meter Reading provided at the point of Isolation would constitute the Meter Reading utilised for the purposes of calculating the relevant Transportation and Energy Balancing charges. For the avoidance of doubt, the relevant User would be treated as the Registered User from the date of the original Effective Supply Point Withdrawal.

Finally, where the relevant Transporter undertakes a visit to the consumers property for the purposes of undertaking a service disconnection under the Gas Safety (Installation and Use) Regulations 1998 (GSIU), on behalf of Supplier and the Supply Meter remains connected to the Transporters network and is capable of flowing gas, given its inability to disconnect the service, the Transporter will levy a charge to the User registered to or previously registered to the Supply Point. Such charge will reflect the costs so incurred from the so called 'abortive' visit.

Supply Contract

In the event of implementation, the position in respect of the Supply Contract would be clear in that the circumstances would meet the requirements of the Gas Act (Schedule 2B) paragraph 8. Accordingly, in absence of an express arrangement, a Supply Contract will be deemed to be in place between the Supplier and the consumer.

4 Relevant Objectives

Impact of the modification on the **Relevant Objectives:**	
Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	None
b) Coordinated, efficient and economic operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters.	None
c) Efficient discharge of the licensee's obligations.	None
d) Securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers.	Positive
e) Provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards… are satisfied as respects the availability of gas to their domestic customers.	None
f) Promotion of efficiency in the implementation and administration of the Code	Positive
g) compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators	None

The Workgroup consider that this modification would facilitate:

Standard Special Condition A11.1 (d) Securing of effective competition;

This modification identifies measures, which serve to mitigate the likelihood of shipperless sites occurring. The impact of this is to promote cost targeting on individual Users and mitigate the risks of such costs being otherwise shared to the Users having Smaller Supply Points (and potentially Larger Supply Points via the AUGE mechanism). Such a mechanism must therefore be considered to facilitate competition in the gas market.

With respect to Modification 0424, some participants were concerned that charging for sites where the consumer has reconnected their own meter, or where the Transporter has instigated physical works to remove a meter eg due to demolition, puts the onus on to a shipper organisation when they have undertaken their obligations under UNC. However, some Workgroup participants felt that shippers can recover their costs through deemed contracts.

Standard Special Condition A11.1 (f) Promotion of efficiency in the implementation and administration of the network code;

The measures identified within this modification are likely to bring about an eventual reduction in the overall number of shipperless sites by reducing the number of new instances. User Registration of Supply Points capable of flowing gas is fundamental to the efficient operation of the UNC.

5 Impacts and Costs

Consideration of Wider Industry Impacts

None identified.

Costs

Indicative industry costs – User Pays
Classification of the modification as User Pays or not and justification for classification
This modification is not classified as User Pays.
Identification of Users, proposed split of the recovery between Gas Transporters and Users for User Pays costs and justification
The costs associated with implementation of the proposal are estimated in the range of: Development costs - £120 - £300k Ongoing costs £20 - £90K these costs will not be passed on to shippers in the form of a User Pays charge
Proposed charge(s) for application of Users Pays charges to Shippers
Not applicable
Proposed charge for inclusion in ACS – to be completed upon receipt of cost estimate from Xoserve
Not applicable

Impacts

Impact on Transporters' Systems and Process	
Transporters' System/Process	Potential impact
UK Link	• Changes to Transporters systems will be required
Operational Processes	• Minor changes will be required to the existing process
User Pays implications	• No impact has been identified

Impact on Users	
Area of Users' business	Potential impact
Administrative and operational	• Changes are likely to be necessary, as Users may need to react to unsolicited notifications from the Transporter.
Development, capital and operating costs	• No impact has been identified

Where can I find details of the UNC Standards of Service?

In the Revised FMR for Transco's Network Code Modification **0565 Transco Proposal for Revision of Network Code Standards of Service** at the following location: http://www.gasgovernance.co.uk/sites/default/files/0565.zip

Impact on Users	
Contractual risks	• Users may need to recover costs from consumers where the supply contract has previously been terminated. • User risks increase should Transporters delay visiting sites once the 12 months period following meter removal has expired.
Legislative, regulatory and contractual obligations and relationships	• No impact has been identified

Impact on Transporters	
Area of Transporters' business	Potential impact
System operation	• No impact has been identified
Development, capital and operating costs	• Low level implementation costs would be incurred by Transporters as a consequence of implementing this modification
Recovery of costs	• No exceptional method of cost recovery is envisaged
Price regulation	• No impact has been identified
Contractual risks	• No significant risks have been identified
Legislative, regulatory and contractual obligations and relationships	• No significant impact has been identified
Standards of service	• No impact has been identified

Impact on Code Administration	
Area of Code Administration	Potential impact
Modification Rules	• No impact has been identified
UNC Committees	• No impact has been identified
General administration	• No impact has been identified

Impact on Code	
Code section	Potential impact
TPD Section G3	• See suggested text

Impact on UNC Related Documents and Other Referenced Documents	
Related Document	Potential impact
Network Entry Agreement (TPD I1.3)	• No impact has been identified
Network Exit Agreement (Including Connected System Exit Points) (TPD J1.5.4)	• No impact has been identified
Storage Connection Agreement (TPD R1.3.1)	• No impact has been identified
UK Link Manual (TPD U1.4)	• No impact has been identified
Network Code Operations Reporting Manual (TPD V12)	• No impact has been identified
Network Code Validation Rules (TPD V12)	• No impact has been identified
ECQ Methodology (TPD V12)	• No impact has been identified
Measurement Error Notification Guidelines (TPD V12)	• No impact has been identified
Energy Balancing Credit Rules (TPD X2.1)	• No impact has been identified
Uniform Network Code Standards of Service (Various)	• No impact has been identified

Impact on Core Industry Documents and other documents	
Document	Potential impact
Safety Case or other document under Gas Safety (Management) Regulations	• No impact has been identified
Gas Transporter Licence	• No impact has been identified

Other Impacts	
Item impacted	Potential impact
Security of Supply	• No impact has been identified
Operation of the Total System	• No impact has been identified
Industry fragmentation	• No impact has been identified
Terminal operators, consumers, connected system operators, suppliers, producers and other non code parties	• Consumers may not be able to identify the relevant supplier until they start using gas and are identified as such by the Transporter.

6 Implementation

Systems changes are likely to be necessary to facilitate implementation of this modification. As part of its development, consideration will need to be given to identifying an optimum timetable for implementation. Consequently an implementation date is not identified at this point.

The Workgroup understood that this modification will be effective on a prospective basis only. Its terms apply with respect to any Supply Meter Point, which has been Isolated or any Supply Point where the Isolation has become effective through Withdrawal no earlier than the implementation date. For the avoidance of doubt no charges identified within this modification would be retrospectively applied to any User in respect of any period prior to the implementation date nor would any re-registration of the Relevant User in respect of a previously Withdrawn Supply Point be required in respect of any period prior to the implementation date.

7 The Case for Change

Nothing in addition to that identified above.

8 Legal Text

Text

National Grid has prepared the following Text at the request of the Modification Panel.

TPD Section G - Supply Points

***Amend paragraph* 3.7.4 *as follows*:**

3.7.4 After 1 January 2013, where a Supply Meter Point has been Isolated and is Re-established, and an Effective Supply Point Withdrawal has not occurred and the Supply Meter continues to remain physically connected to a System during the period from the date of Isolation to the date of Re-establishment the Transporter identifies that the previously connected Supply Meter (with the same serial number and number of dials as provided as part of the Meter Information) is physically connected to a System such that gas is capable of being offtaken (without any further action being taken) from the Total System then where gas was or is being offtaken from the Total System during such period, (as evidenced by Meter Readings), each Registered User in respect of the period for which it is or was the Registered User shall be liable for[1]:

(a) all reasonable costs incurred by the relevant Transporter in accordance with the Siteworks Terms and Procedures (as defined in Section G7.2.2) where the relevant Transporter undertakes a visit to carry out a disconnection in accordance with the Gas Safety (Installation and Use) Regulations 1998 and where the Supply Meter remains connected to a System such that gas is capable of being offtaken (without any further action being taken) from the Total System; and

(b) all charges (including without limitation Transportation Charges and Energy Balancing Charges) associated with such Supply Meter Point as if it had not been so Isolated and:

(i) in respect of Energy Balancing Charges for which the Registered User is liable pursuant to paragraph 3.7.4 (b) in respect of Larger Supply Points, a reconciliation will be carried out in accordance with Section E6 and applied to the aggregate reconciliation process in accordance with Section E7.2; and

(ii) in respect of Energy Balancing Charges and any relevant Transportation Charges for which the Registered User is liable pursuant to paragraph 3.7.4 (b) in respect of Smaller Supply Points, the Aggregate LDZ AQ shall be adjusted in accordance with Section E7.7.

Amend paragraph* 3.7.5 *as follows:

3.7.5 ~~Without prejudice to the generality of paragraph 3.7.4~~ After 1 January 2013 where a Supply Meter Point has been Isolated and an Effective Supply Point

1 This Section sets out the circumstances where in the case of an Isolated only Supply Meter Point (SMP) the Transporter will seek to apply commodity and energy charges retrospectively where it finds that the meter (which will not include any meter which is owned by a Consumer where metering equipment cannot be readily removed from a Consumer's site) is connected to the network and not disabled in any way. Because the SMP is not Withdrawn the Shipper remains registered and given that it has continued to pay Capacity charges, there is no need to seek to recover these. The existing UNC Provisions only allow Transporters to recover commodity and energy charges where the meter has never been physically disconnected (although it will be noted that there is some ambiguity in the interpretation of these terms). This section extends this principle to include situations where the meter was disconnected. It is anticipated that instances where the meter is found to be connected and gas is capable of being offtaken (without any further action being taken) from the Total System are likely to be discovered by the Transporter as a consequence of a GSI&U visit (which the Transporter discharges on behalf of the Supplier). Therefore the purpose of paragraph (a) above is to enable the Transporter to recover its costs where it is unable to undertake the GSI&U disconnection.

Withdrawal has occurred and the ~~Supply Meter~~Transporter identifies that the previously connected Supply Meter (with the same serial number and number of dials as provided as part of the Meter Information) is still capable of flowing gas (without any further action being taken) from the Total System ~~continues to remain physically connected to a System~~ then:[2]

(a) the Effective Supply Point Withdrawal shall be deemed to be void as if such Effective Supply Point Withdrawal had never been effective, as set out at 3.7.7 below;[3]

(~~a~~b) where gas was or is being offtaken at such Supply Meter Point during such period the ~~Relevant~~Transporter shall notify the party that was the Registered User at the time of Isolation (the **"Relevant Registered User"**) and such Relevant Registered User:[4]

(i) shall be liable for all charges (including without limitation Transportation Charges and Energy Balancing Charges) associated with such Supply Meter Point, as if an Isolation and Effective Supply Point Withdrawal had not occurred;

(ii) shall register such Supply Meter Point in accordance with paragraph 2 as soon as reasonably practicable and in any event within 1 calendar month after the notification in (b) above and the Supply Point Registration Date for such registration shall be deemed to be the date of the Effective Supply Point Withdrawal;[5]

(iii) shall be liable for all reasonable costs incurred by the relevant Transporter in accordance with Siteworks Terms and Procedures (as defined in Section G7.2.2) where the relevant Transporter undertakes a visit to carry out a service disconnection in accordance with the Gas Safety (Installation and Use) Regulations 1998 and where the Supply Meter remains connected and capable of flowing gas;[6]

(c) where the Registered User is liable for any charges in accordance with (b)(i) above:

(i) in respect of Energy Balancing Charges for Larger Supply Points, a reconciliation will be carried out in accordance with Section E6 and applied to the aggregate reconciliation process in accordance with Section E7.2; and

(ii) in respect of Energy Balancing Charges and any relevant Transportation Charges for Smaller Supply Points, the Aggregate LDZ AQ shall be adjusted in accordance with Section E7.7.

(~~b~~d) where gas has not been offtaken (but is capable of being offtaken without further action being taken) at such Supply Meter Point during such period then the Relevant Registered User:

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2 This section sets out how SMPs which have been Isolated and Withdrawn should be treated from a perspective of Transporters ability to recover all charges (including Capacity) from the previous registered Shipper. This is given that Isolation and Withdrawal leads to de-registration of the Shipper and leaves the relevant Supply Point shipperless. The scope of this ability is where the same meter is subsequently found to be connected and capable of flowing gas (i.e. has not been disabled in any way).

3 The purpose of this paragraph is to establish that where the Transporter identifies the above scenario that it will seek that the previous Shipper re-registers the Supply Point (see below) and then for the purposes of UNC the previous registration never ceased i.e. in Code terms the Registration is continuous and an Isolation and Withdrawal never happened. Note: any Shipper registration processed through the UK-Link system can only be prospective – it is not possible to 'retrospectively' confirm a Supply Point to a date in the past. Notwithstanding this from a contractual perspective the Supply Point will be deemed to be registered from the effective Withdrawal date. The Transporters agent Xoserve will introduce processes to administer this.

4 This paragraph covers scenarios where gas has flowed.

5 Paragraph 2 of Section G sets out the Supply Point registration process (Confirmation, etc)

6 It is anticipated that instances where the meter is found to be connected and capable of flowing gas are likely to be discovered by the Transporter as a consequence of a GSI&U visit (which the Transporter discharges on behalf of the Supplier). Therefore the purpose of this paragraph is to enable the Transporter to recover its costs where it is unable to undertake the GSI&U disconnection.

(i) shall be liable for Capacity Charges and Customer Charges associated with such Supply Meter Point, as if an Isolation and Effective Supply Point Withdrawal had not occurred:[7]

(ii) shall register such Supply Meter Point in accordance with paragraph 2 as soon as reasonably practicable and in any event within 1 calendar month after the notification in (b) above and the Supply Point Registration Date for such registration shall be deemed to be the date of the Effective Supply Point Withdrawal;

(iii) shall be liable for all reasonable costs incurred by the relevant Transporter in accordance with Siteworks Terms and Procedures (as defined in Section G7.2.2) where the relevant Transporter undertakes a visit to carry out a service disconnection in accordance with the Gas Safety (Installation and Use) Regulations 1998 and where the Supply Meter remains connected and capable of flowing gas;

Delete paragraph 3.7.6

Renumber paragraph 3.7.7 to 3.7.6

Insert new paragraph 3.7.7 as follows:

3.7.7 Where the Relevant Registered User does not submit an appropriate Supply Point Confirmation in accordance with paragraphs 3.7.5 (b) (ii) and 3.7.5 (d) (ii) above within 1 calendar month of being notified by the Transporter:

(a) the Relevant Registered User shall be deemed to have granted the Transporter authority to register such Supply Meter Point using the information on the Supply Point Register in relation to such Supply Point as at the date of the Effective Supply Point Withdrawal; and

(i) the Supply Point Registration Date shall be deemed to be the date of the Effective Supply Point Withdrawal;

(ii) for the purposes of calculating the Opening Meter Reading the Transporter shall use the Meter Reading taken at the time the Transporter identifies that the previously connected Supply Meter (with the same serial number and number of dials as provided as part of the Meter Information) is physically connected to a System such that gas is capable of being offtaken (without any further action being taken) from the Total System together with the Meter Reading provided by the Relevant Registered User immediately upon the Isolation for the purposes of calculating the relevant Transportation and Energy Balancing Charges;

such that the Effective Supply Point Withdrawal shall be deemed to be void and any obligations associated with such Supply Point shall be applied as if the Effective Supply Withdrawal had never become effective.

7 This paragraph covers scenarios where gas has not flowed (but where the meter is connected and not disabled). In this case only Capacity and Customer charges are due.

9 Recommendation

All parties are invited to consider whether they wish to submit views regarding this modification. The close-out date for responses is XX October 2012, which should be sent to enquiries@gasgovernance.co.uk. A response template which you may wish to use is at: http://www.gasgovernance.co.uk/0424

Consultation Ends

On XX October 2012