

Modification Proposal 0248: Meter Reading Replacement

Demand information summary

1st March 2010

1. Introduction

This document summarises the responses to the request to the industry for demand information for the Proposal.

2. Requests for demand information

Shippers were requested to provide demand information on 26th November. The action from the minutes of the Distribution Workstream was:

Action Dis1101: Shippers to provide an indication of likely demand/volume for read replacements and acceptable costs by volume band to the Joint Office.

The following update was provided at the Distribution Workstream on 14th January:

Action Dis1101: UNC0248 - Shippers to provide an indication of likely demand/volume for read replacements and acceptable costs by volume band to the Joint Office.

Action Update: BF confirmed that no updates had been provided, it was agreed that the information would still be useful. It was therefore agreed to keep this action open. CW/LW confirmed that an indication of likely demand would be required for the ROM. **Carried Forward.**

The following update was provided at the Distribution Workstream on 2nd February:

Amended Action Dis1101: UNC0248 - Shippers to provide an indication of likely demand/volume for read replacements or a confirmation of intent to use this service by 12 February 2010. If adequate information is not provided xoserve will produce a ROM assuming levels of demand in useful blocks.

Action Update: BF confirmed no updates have been received at the Joint Office. LW confirmed that an indication of likely demand would be required for the ROM. ST confirmed that the demand will assist in understanding a sensible user pays charge and recovery, and the design of a suitable system to manage the demand. All Shippers agreed to either provide an indication of demand or a confirmation of whether or not they foresee using this service. To prevent stalling the modification that if adequate response are not provided by 12 February 2010 xoserve would produce a ROM using assumed levels of demand. The original action was amended to reflect this agreement. **Carried Forward.**

3. Responses to the request for demand information

By 22nd February three responses had been provided. They are:

Two Shippers advised they would expect to use the service for approximately 11,600 read replacements between them.

One Shipper advised they would not use the service

At the February 25th Distribution Workstream, one shipper advised they would not use the service, six shippers indicated they may use the service but could not assess demand, and other shippers did not comment.

Based upon the responses received the demand for the read replacement service is 11,608 replacement reads per annum.

4. Other methods for determining demand

The proposer has suggested other methods for calculating demand either prorating any demand information provided or reviewing read rejections. Having reviewed these and considered the opportunities for Shippers to either provide demand information or an assessment as to whether they would use the service xoserve's conclusion is that only actual demand provided should be used. The lack of responses to the request for demand information or intent to use the service suggests that this is not a service the shipper community has a high demand for.

The Guidance Document on Best Practice – Cost Estimates and Cost Allocations relating to Uniform Network Code User Pays Modification Proposals. Version 1.0 outlines that where Shippers are able to provide demand information that this should be used as the means for determining demand which will prevail on implementation of the UNC Modification.

The demand information is used to establish the charges for the service. If an unsubstantiated demand figure is used it will create the potential for the charges to be set incorrectly. If actual usage differs to the forecast it is likely the charges would have to be adjusted accordingly (higher or lower) this could then make the service uneconomic potentially leading to demand of zero. The industry would have invested in system changes that are then not being utilised.

To mitigate this risk only actual demand information provided by Shippers should be used to determine aggregate demand for the services.

5. Conclusion

For the purposes of the modification reports and any draft ACS, demand is assessed to be 11,600 read replacements per annum.