

CODE MODIFICATION PROPOSAL No xxxx
Introduction of DNO obligations to facilitate resolution of unresolved USRVs
Version x.x

Date: 21/04/2008

Proposed Implementation Date: Not applicable

Urgency: Non Urgent

Proposer's preferred route through modification procedures and if applicable, justification for Urgency

(see the criteria at http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/11700_Urgency_Criteria.pdf)

In development.

Nature and Purpose of Proposal (including consequence of non implementation)

Review Proposal 0158 "Review of User Suppressed Reconciliation Values' incentive arrangements" was raised by British Gas Trading in July 2007. A Review Group was subsequently convened with a purpose of reviewing the current UNC incentives with respect to User Suppressed Reconciliation Values (USRVs). The Group concluded its discussions and a Review Group Report was produced recommending modification of the UNC to introduce provisions to ensure that no USRVs are 'timed out' as a result of the introduction of Modification Proposal 0152V. The Group considered it appropriate for Distribution Network Operators (DNOs) to administer a 'backstop' arrangement to seek resolution of USRVs before they reach the 4/5 year cut off date for invoicing. It was identified that this service should be undertaken on behalf of DNOs by the DNOs' agent and would be charged for as a code Agency Charging Statement (ACS) service.

Following discussion within the Distribution Workstream (operating as a Development Workgroup) outline business rules were identified under which a modified regime would operate and these rules form the basis of the proposal.

- a 'backstop' period of 30 months would be applied. This would be from the date of the creation i.e. after the expiry of 30 months from the date of the creation of the USRV the DNO would assume responsibility for the resolution of the USRV. The User would still have the ability to resolve the USRV until such time as the DNO's agent loads the resolution to the UK Link System. At the point when the DNO assumes responsibility for resolution the service would become chargeable;
- a 'reasonable endeavours' provision would be incorporated under which the DNO would be required to resolve a USRV. This means that the DNO would use reasonable endeavours to resolve the USRV using conventional methods/calculations and in the event that this is not possible, at the DNO's discretion, a zero Reconciliation would be applied as resolution;
- The current User and previous Users should provide any additional information (in their possession) which is reasonably required by the DNO's agent e.g. Meter Readings. The current User should also facilitate access to the customer's premises where requested for the purposes of enabling DNOs to obtain Meter Readings and Meter Information.

- the Reconciliation Quantity determined by the DNO would be binding.

In the event that this Modification Proposal were not implemented, it is possible that some Metered Quantities could remain unreconciled because the periods to which the Metered Quantities relate have become timed out for invoicing purposes following the introduction of UNC Modification 0152V (April '08). Whilst an accurate figure can not be placed upon the associated reconciliation quantities, it is accepted that the risk associated with any unreconciled energy, creates a level of financial uncertainty for all Users.

Basis upon which the Proposer considers that it will better facilitate the achievement of the Relevant Objectives, specified in Standard Special Condition A11.1 and 2 of the Gas Transporters Licence

Implementation of this Modification Proposal would improve prompt and timely resolution of reconciliation 'filter failures'. This would increase the level of certainty for Users charged through Reconciliation by Difference (RbD).

A more accurate allocation of energy and transportation charges could be expected which would facilitate the securing of effective competition between Shippers and between Suppliers. This measure is therefore consistent with Standard Special Condition A11.1 (d).

Any further information (Optional), likely impact on systems, processes or procedures, Proposer's view on implementation timescales and suggested text

A suitable period of time would be required for the DNOs' Agent to develop appropriate processes and procedures. An initial period for resolution of the backlog following implementation of this Proposal would be required.

Code Concerned, sections and paragraphs

Uniform Network Code

Transportation Principal Document

Section(s) E

Proposer's Representative

Name (Organisation) Alison Chamberlain, National Grid Gas Distribution.

Proposer

Name (Organisation) Christopher Warner, National Grid Distribution.