



Gazprom Energy
Bauhaus, 5th Floor
27 Quay Street
Manchester

T 0845 230 0011
F 0845 230 0022
E enquiries@gazprom-energy.com
W www.gazprom-energy.com

Representation Draft Modification Report

Modification 0425: Re-establishment of Supply Meter Points

Consultation Close out date: **15th April 2013**
Respond to: enquiries@gasgovernance.co.uk
Organisation: Gazprom Marketing & Trading Retail (GMT&R)
Trading as Gazprom Energy
Representative: Steve Mulinganie
Regulation & Compliance Manager
Date of Representation: **15th April 2013**

Do you support or oppose implementation?

OPPOSE IMPLEMENTATION

Please summarise (in one paragraph) the key reason(s) for your support/opposition

It is important to consider the proposal in the context of what constitutes an appropriate level of physical work to thereby allow a Shipper to remove them from a relationship with the Meter Point. When the industry developed the concepts of Isolation and Withdrawal it was on the basis of an appropriate, cost effective and proportionate level of work e.g. clamping, meter removal etc. which would then allow the Supplier to remove them from future risk. In determining the level of work it was also necessary to consider the costs and benefits of carrying out such work against the risk of reconnection occurring.

The current arrangements expose a Supplier to risk in the event that having undertaken works the identical meter is subsequently found to be in situ and operating. In these circumstances the Supplier is treated as if they have remained registered. Suppliers can mitigate much of the risk associated with the existing arrangements by ensuring that any meter which is disconnected is removed from site. This can, and is, generally accommodated via existing commercial arrangements with the relevant party carrying out the removal ensuring the meter is taken from site.

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The new proposals however expose the Supplier to the risk that having carried out the disconnection of the in situ metering and its removal from site that subsequently a different meter is found on site. In such circumstances the Supplier is again deemed to be registered.

It is important to note that the provision of Metering at a customer's site is not directly under the control of the Shipper and the customer can arrange the installation of a meter directly with a meter installer.

Suppliers cannot mitigate this new risk through pre existing arrangements as the disconnection and removal of the existing meter from site cannot remove the risk, in future, of a new meter being found later which would then re-establish the Suppliers liability.

The existing commercial arrangements therefore cannot mitigate the risk arising from this new proposal.

In such circumstances the Supplier is forced to either continue with the existing arrangements and except that they may subject to charges in the future. Or alternatively the Supplier may have to consider undertaking additional works in addition to the meter removal which would then necessitate the disconnection of the service. If the Supplier is forced to increase the scope of the works this will increase the cost significantly and also involve the removal of services which may be required in the future and will then have to be re-laid if a supply is required.

We therefore believe this proposal could create a significant number of additional Service cut offs in the market many of which would not normally be required. This will increase the cost of carrying out works but would also lead to the early removal of services. Once the service has been removed any new requirement for supply would be subject to significant delays and additional cost as a new service would have to be laid. Additional costs will inevitably be borne by consumers either directly as part of the cost of exiting a relationship when they no longer require a supply or indirectly as the cost to serve if driven up by the extra cost of undertaking such works.

Are there any new or additional issues that you believe should be recorded in the Modification Report?

See our comments above

Relevant Objectives:

(How would implementation of this modification impact the relevant objectives)?

We agree with the view that an unintended consequence of this modification is that some Users may take a risk averse approach and disconnect sites, which may then lead to additional delays and connections costs should a consumer subsequently require a gas supply.



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This would add additional cost and complexity and not further this relevant objective.

Implementation:

What lead-time would you wish to see prior to this modification being implemented, and why?

We would like to see a sufficient notice to enable parties to be able to modify systems and alter existing contractual arrangements.

Legal Text:

Are you satisfied that the suggested legal text will deliver the intent of the modification?

No comment

Is there anything further you wish to be taken into account?

Please provide any additional comments, supporting analysis, or other information that you believe should be taken into account or you wish to emphasize.

We have no additional comments

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