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Your Reference:UNC Modification Proposal 0466/0466A

UNC Modification Proposal 0466/0466A - Daily Meter Reading Simplification

Dear Bob,

Thank you for your invitation seeking representations with respect to the above Modification Proposals. National Grid Gas Distribution (NGD) as Proposer would like to support Proposal 0466 and offer qualified support for Proposal 0466A.

Do you support or oppose implementation?

0466 Support

0466A Qualified Support

If either 0466 or 0466A were to be implemented, which would be your preference?

Prefer 0466

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

As Proposer of Modification Proposal 0466 we are supportive of its implementation. Our opinion is that the measures identified would enable Transporters to provide a significantly more cost effective and efficient Daily Read service for Supply Points subject to the Daily Read Requirement. We are able to offer qualified support for Modification Proposal 0466A albeit that we do not believe the solution component pertaining to 'within day' reading to be appropriate. We have set out our reasons for this below.

Modification Panel Members have indicated that it would be particularly helpful if the following question(s) could be addressed in responses:

How many sites are likely to take up the service?

While this is a matter for Shipper Users, we would draw attention to the declining Daily Read Meter (DM) population, particularly once the DM 'voluntary' Supply Points are due to be eliminated as a consequence of UNC Modifications 0345 and 0441 in October 2015 (noting that this date may be extended by 6 months should UNC Modification Proposal 0514 be implemented). The unit cost implications are that GDNs are even less likely to be able to cover their DM service provision costs under the existing funding framework than currently unless efficiencies in the contractual arrangements as set out in the UNC are forthcoming.

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

We have not identified any such issues.

Relevant Objectives:

Standard Special Condition A11.1 f): Promotion of efficiency in the implementation and administration of the Code.

NGD concurs with the view set out within the Draft Modification Report that both Modifications would "enable Transporters to provide a more efficient and cost effective Meter Reading service for affected Daily Metered Supply Points".

Standard Special Condition A11.1 (d): Securing of effective competition between relevant Shippers and relevant Suppliers.

Our qualification for supporting Modification Proposal 0466A is that we do not believe that the 'within day' reading solution component identified within the Proposal fully facilitates this relevant objective. The Transporter has a clear obligation under the UNC to provide a 'bundled' Daily Read service for 'mandatory' Daily Read (DM) Supply Points; i.e. those Supply Points subject to the Daily Read Requirement¹. Therefore Shipper Users are not able to avoid service provision charges levied by the Transporter by using their own Meter Reading service provider. Notwithstanding that the relevant provisions are within the UNC, Transporters are presently funded for this under the Metering form of control which features a price capped mechanism.

Our view is that the 'monopoly' service described above does not extend to 'within day' reading which is presently set out in UNC TPD Section M4.6 'User or consumer access to Daily Read Equipment'. NGD's opinion is that this service (which is not presently charged for) is and never has been funded under charging mechanism described above. We believe the procurement of 'within day' data should be a fully competitive service although we recognise it may be more efficient that where the Transporters Daily Read Equipment (DRE) is installed, the Shipper User should be able to approach the Transporter requesting relevant read data as an option. We have no issue with providing such on commercial terms; however such a service should not deter any Shipper User from seeking to attach their own, agents or consumer's read equipment to obtain reads at such frequency as may be requested by them or their customer. As a matter of policy NGD has installed multiple connection ports (isolation relays) on its DRE installations to facilitate 3rd party equipment connections.

We note that as recently reported by Ofgem, Suppliers have installed Automated Read Equipment (AMR) on 85% of large non-domestic Supply Meters with an expectation that the reasonable endeavours will be used to complete the remaining installations. The capability to obtain daily or indeed hourly reads from this population is therefore already largely in place.

¹ UNC TPD Section G1.5 refers

Consequently we believe the solution component identified in Modification Proposal 0466 provides an appropriate level of choice as opposed to 0466A where we believe Shipper Users would be unlikely to seek an alternative 'within day' read service provider particularly given the prescriptive nature of the data transfer mechanism (being the IXn).

We note that other than the treatment of 'within day' readings, the Modification Proposals are identical.

Impacts and Costs:

There are costs associated with implementation of either Modification Proposal. NGD is fully supportive of the User Pays cost recovery framework identified in the Draft Modification Report with respect to each Proposal.

Implementation:

We agree with the statement in the Draft Modification Report that any implementation timetable would be contingent on any system and process development timescales and would be subject to scrutiny by the UNC Committee (UNCC).

Legal Text:

NGD is satisfied that the Legal Text and commentary as published by the Joint Office meets the requirements of both Modification Proposals.

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

It is our opinion that the present meter reading arrangements for the 'mandatory' DM Supply Point population are not efficient and unless changed would result in a continuation of Transporters being unable to cover their costs under the existing 'price capped' funding mechanism. In particular we believe the liability framework to be significantly out of date and inconsistent with other types of read arrangements in the UNC particularly that relating to the DM 'elective' arrangements implemented under UNC Modification 0224.

We trust that this information will assist in the compilation of the Final Modification Report.

Please contact me on 01926 653541 (chris.warner@nationalgrid.com) should you require any further information.

Yours sincerely,

Chris Warner
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