

Modification Report
Definition of Metering Charges and Meter Reading Charges Statement
Modification Reference Number 0460
Version 1.0

This Modification Report is made pursuant to Rule 7.3 of the Modification Rules and follows the format required under Rule 8.9.3.

1. The Modification Proposal

Modification of the Network Code is required to ensure that it correctly reflects changes made to Transco's PGT Licence in connection with the separation of the price control and introduction of disaggregated metering and meter reading charges.

2. Transco's Opinion

Metering charges were disaggregated from transportation charges for "domestic" Supply Points from 1 October 2000 and for "industrial and commercial" Supply Points from 1 April 2001. On 31 January 2001 Ofgem issued a number of changes to Transco's PGT Licence in connection with the separation of the price control and the implementation of new metering and meter reading charge arrangements.

As a result of implementation of modified PGT Licence conditions, in particular the introduction of Special Condition 23, Transco believes that the following consequential changes should be made to the Network Code:

- Wherever "Transportation Statement" is referred to, the terms "Metering Charges Statement" and/or "Meter Reading Charges Statement", be added or substituted as appropriate.
- The paragraph setting out the minimum notice period for changes to charges be supplemented such that it refers to Special Condition 23 in addition to Standard Condition 3.
- The sub-paragraph referring to Users' liability to pay customer charges that include a component in respect of metering services be deleted.

3. Extent to which the proposed modification would better facilitate the relevant objectives

Transco believes that this Modification Proposal clarifies the metering/meter reading charging regime within the Network Code and therefore ensures full transparency. This is consistent with its PGT Licence 'relevant objective' of securing effective competition between relevant shippers.

**4. The implications for Transco of implementing the Modification Proposal , including
a) implications for the operation of the System:**

None identified.

b) development and capital cost and operating cost implications:

None identified.

c) extent to which it is appropriate for Transco to recover the costs, and proposal for the most appropriate way for Transco to recover the costs:

Not applicable.

d) analysis of the consequences (if any) this proposal would have on price regulation:

None identified.

5. The consequence of implementing the Modification Proposal on the level of contractual risk to Transco under the Network Code as modified by the Modification Proposal

No such impacts have been identified.

6. The development implications and other implications for computer systems of Transco and related computer systems of Users

None identified.

7. The implications of implementing the Modification Proposal for Users

None identified.

8. The implications of implementing the Modification Proposal for Terminal Operators, Consumers, Connected System Operators, Suppliers, producers and, any Non-Network Code Party

None identified.

9. Consequences on the legislative and regulatory obligations and contractual relationships of Transco and each User and Non-Network Code Party of implementing the Modification Proposal

Implementation of this Modification Proposal would ensure that the Network Code reflects the regulatory obligations introduced as a consequence of recent changes to Transco's PGT Licence.

10. Analysis of any advantages or disadvantages of implementation of the Modification Proposal

Advantages:

Implementation of this Modification Proposal would ensure that the Network Code fully reflects Transco's current regulatory obligations.

Disadvantages:

None identified.

11. Summary of the Representations (to the extent that the import of those representations are not reflected elsewhere in the Modification Report)

Five representations were received with respect to this Modification Proposal. All were fully supportive of its objectives with no queries or concerns being raised.

12. The extent to which the implementation is required to enable Transco to facilitate compliance with safety or other legislation

Not applicable.

13. The extent to which the implementation is required having regard to any proposed change in the methodology established under Standard Condition 4(5) or the statement furnished by Transco under Standard Condition 4(1) of the Licence

Implementation of this Proposal is not required to facilitate any such change.

14. Programme of works required as a consequence of implementing the Modification Proposal

None required.

15. Proposed implementation timetable (including timetable for any necessary information systems changes)

This Modification Proposal can be implemented immediately following direction.

16. Recommendation concerning the implementation of the Modification Proposal

Transco recommends that this Modification Proposal be implemented.

17. Restrictive Trade Practices Act

If implemented this proposal will constitute an amendment to the Network Code. Accordingly the proposal is subject to the Suspense Clause set out in the attached Annex.

18. Transco's Proposal

This Modification Report contains Transco's proposal to modify the Network Code and Transco now seeks direction from the Gas & Electricity Markets Authority in accordance with this report.

19. Text

Section B

Paragraph 1.7 Heading amend to read:

"1.7 Transportation Charges, Metering Charges and Meter Reading Charges"

Paragraph 1.7.1 amend to read:

"1.7.1 For the purposes of Code;

- (a) "Transportation Charges" are charges ... CSEP Charges;
- (b) "Metering Charges" are the prevailing charges payable by a User as contained in the Metering Charges Statement;
- (c) "Meter Reading Charges" are the prevailing charges payable by a User as contained in the Meter Reading Charges Statement."

Paragraph 1.7.8 amend to read:

1.7.8 The further provisions of the Code set out the basis on which Transportation Charges, Metering Charges and Meter Reading Charges are payable by Users;.....where:

- (i) the prevailing Transportation Statement, Metering Charges Statement or Meter Reading Charges Statement provides for any charge which is not provided for in the Code; and
- (ii) the amount at the time;

such charge shall be a Transportation Charge, Metering Charge or Meter Reading Charge and shall be payable by Users or Users of such class in accordance with the relevant provisions of the Transportation Statement, the Metering Charges Statement or the Meter Reading Charges Statement respectively."

Paragraph 1.8.1 Amend to read:

"1.8.1 Subject to paragraphs 1.8.2 to 1.8.5 and paragraph 1.10 and except as provided in paragraph 2.9:

- (i) the amount or rate of any Transportation Charge due for payment); and accordingly...a CSEP User;

- (ii) the amount or rate of any Metering Charge payable at any time by a User shall be determined in accordance with the Metering Charges Statement in force at the time such charge accrues irrespective of when it is due for payment;
- (iii) the amount or rate of any Meter Reading Charge payable at any time by a User shall be determined in accordance with the Meter Reading Charges Statement in force at the time such charge accrues irrespective of when it is due for payment."

Paragraph 1.8.2 delete and replace with:

"1.8.2 Transco agrees that, except where any other provision of the Transco Licence requires notice of a shorter period to be given,

- (i) each notice given by it to the Director pursuant to Standard Condition 3(2)(b) of the Transco Licence will be given, and published in accordance with Standard Condition 3(3)(a) thereof, not less than 2 months before the date on which its proposals therein referred to are (pursuant to a revised Transportation Statement) to be implemented;
- (ii) each statement or revision thereto sent by it to the Director pursuant to Special Condition 23(8) of the Transco Licence will be sent to the Director, and sent to Users, not less than 2 months before the date on which its proposals therein referred to are (pursuant to a revised Metering Charges Statement or Meter Reading Charges Statement) to be implemented ".

Paragraph 1.8.3 Add:

"and in accordance with Special Condition 23(4) of the Transco Licence, the amount or rate of any Metering Charge or Meter Reading Charge may with the approval of the Director differ from what is provided for in the Metering Charges Statement and Meter Reading Charges Statement respectively."

Paragraph 1.8.6 amend to read:

"Subject to paragraph 1.8.4 and except as provided in paragraph 2.9, where the prevailing Transportation Statement, Metering Charges Statement or Meter Reading Charges Statement does not provide for the determination ... the rate of such Transportation Charge, Metering Charge, or Meter Reading Charge shall be deemed to be zero respectively."

Section M

Paragraph 2.2.2(a) amend to read:

"(a) subject to paragraphs (d) and (e) and to paragraphs 2.2.4 and 2.5.1, Transco will be responsible for securing (on behalf of the Registered User) the provision, installation"....to do

so and subject to payment of appropriate charges in accordance with the Metering Charges Statement."

Paragraph 2.2.2(b)

Delete text, retain numbering and insert "Not Used".

Paragraph 4.1.6

Delete "Transportation Statement" and replace with "Metering Charges Statement".

Paragraph 4.2.3(iv)

Delete "Transportation Statement" and replace with "Meter Reading Charges Statement".

Section S Paragraph 1.6.1 amend to read:

"1.6.1 All amounts ... the Transportation Statement, the Metering Charges Statement, the Meter Reading Charges Statement, or otherwise ... "

Section W, Paragraph 1 - Defined Terms

Add the following definitions within the list of defined terms.

"Metering Charges Statement": the prevailing statement furnished by Transco to the Director under Special Condition 23 of the Transco Licence.

"Meter Reading Charges Statement: the prevailing statement furnished by Transco to the Director under Special Condition 23 of the Transco Licence."

Signed for and on behalf of Transco.

Signature:

Steve R Phillips
Head of Shipper Services

Date:

Gas and Electricity Markets Authority Response:

In accordance with Condition 9 of the Standard Conditions of the Gas Transporters' Licences dated 21st February 1996 I hereby direct Transco that the above proposal (as contained in Modification Report Reference **0460**, version **1.0** dated **06/06/2001**) be made as a modification to the Network Code.

Signed for and on Behalf of the Gas and Electricity Markets Authority.

Signature:

The Network Code is hereby modified with effect from, in accordance with the proposal as set out in this Modification Report, version **1.0**.

Signature:

Process Manager - Network Code
Transco

Date:

Annex

1. Any provision contained in this Agreement or in any arrangement of which this Agreement forms part by virtue of which The Restrictive Trade Practices Act 1976 ("the RTPA"), had it not been repealed, would apply to this Agreement or such arrangement shall not come into effect:
 - (i) if a copy of the Agreement is not provided to the Gas and Electricity Markets Authority ("the Authority") within 28 days of the date on which the Agreement is made; or
 - (ii) if, within 28 days of the provision of the copy, the Authority gives notice in writing, to the party providing it, that he does not approve the Agreement because it does not satisfy the criterion specified in paragraphs 1(6) or 2(3) of the Schedule to The Restrictive Trade Practices (Gas Conveyance and Storage) Order 1996 ("the Order") as appropriateprovided that if the Authority does not so approve the Agreement then Clause 3 shall apply.
2. If the Authority does so approve this Agreement in accordance with the terms of the Order (whether such approval is actual or deemed by effluxion of time) any provision contained in this Agreement or in any arrangement of which this Agreement forms part by virtue of which the RTPA, had it not been repealed, would apply this Agreement or such arrangement shall come into full force and effect on the date of such approval.
3. If the Authority does not approve this Agreement in accordance with the terms of the Order the parties agree to use their best endeavours to discuss with Ofgem any provision (or provisions) contained in this Agreement by virtue of which the RTPA, had it not been repealed, would apply to this Agreement or any arrangement of which this Agreement forms part with a view to modifying such provision (or provisions) as may be necessary to ensure that the Authority would not exercise his right to give notice pursuant to paragraph 1(5)(d)(ii) or 2(2)(b)(ii) of the Order in respect of the Agreement as amended. Such modification having been made, the parties shall provide a copy of the Agreement as modified to the Authority pursuant to Clause 1(i) above for approval in accordance with the terms of the Order.
4. For the purposes of this Clause, "Agreement" includes a variation of or an amendment to an agreement to which any provision of paragraphs 1(1) to (4) in the Schedule to the Order applies.