

**TRANSCO NETWORK CODE MODIFICATION PROPOSAL No. 0469**  
"Addition of User Suppressed Reconciliation Value (USRV) to the Network Code"  
Version 3.0

**Date:** 13/06/2001

**Proposed Implementation Date:** 01/08/2001

**Urgency:** Non-Urgent

**Justification**

Reconciliation Invoice charges are subject to a financial tolerance check which suppresses those failing defined criteria. These suppressed charges (DM and NDM) are then investigated prior to subsequent invoicing. This additional level of scrutiny provides increased confidence that invoiced reconciliation charges are accurate, which benefits all Users.

The requirement for timely investigation and release of suppressed (NDM) reconciliation charges by Transco was incorporated in the Network Code at the start of Reconciliation by Difference (RbD) charging in February 1998.

The liberalisation of NDM Meter Reading since this date has shifted the contractual responsibility relating to the procurement and validation of NDM reads (prior to submission to Transco) to Users. It therefore follows that Users should be responsible for the investigation of suppressed reconciliation invoice charges, prior to their re-submission to Transco ( for invoicing via the Reconciliation Invoice).

Adding this User responsibility to the Network Code will maintain the level of protection previously afforded to Users with small supply points and will align the Network Code with the recently revised 'Network Code Reconciliation Suppression Guidelines' (see Version 2.0 attached).

Historically, Transco procured and investigated suppressed NDM Reads. The altered contractual position now requires this proposed change.

The content of this proposal has been debated and agreed within the RbD Sub Group of the Invoice and Adjustment Workstream.

**Nature of Proposal**

This modification proposes two changes :

- i. Introduction of a new term into the Network Code, 'User Suppressed Reconciliation Value' (USRV).
- ii. Clear distinction between Transco and User responsibility with respect to investigating suppressed reconciliation values.

## Purpose of Proposal

This proposal will provide the required contractual symmetry between DM and NDM Suppressed Reconciliation Invoice Charges.

The obligation placed on Users to investigate USRVs seeks to keep the number of suppressed charges to a minimum, thereby lessening the uncertainty of subsequently derived RbD charges to Users.

As a consequence therefore, this proposal seeks to better secure effective competition between relevant Users.

## Consequence of not making this change

Users will not be contractually required to investigate User Suppressed Reconciliation Values in a timely manner, and as such Users with small supply points will have no contractual protection with respect to the absence of User investigation in this area.

The Network Code will be inconsistent with the Network Code Reconciliation Suppression Guidelines. The Network Code requirement for Transco to investigate suppressed DM and Must Read reconciliation charges would not be matched by a User requirement to investigate suppressed NDM charges.

## Area of Network Code Concerned

### Section E: Paragraph 8

#### 8.1 General

##### 8.1.1 In relation to Larger Supply Points with effect from the Reconciliation by Difference Date:-

- (a) Transco shall investigate Reconciliation Values that have been Suppressed following Individual NDM Reconciliation where such was undertaken pursuant to a Meter Reading obtained by Transco pursuant to Section M3.6 and M4.1 ("**Suppressed Reconciliation Values**"); and
- (b) the User shall investigate Reconciliation Values that have been Suppressed following Individual NDM Reconciliation and DM Reconciliation where such Individual NDM Reconciliation and DM Reconciliation was undertaken other than pursuant to a Meter Reading obtained by Transco pursuant to Section M3.6 and M4.1 ("**User Suppressed Reconciliation Values**")

##### 8.1.2 Those Reconciliation Values in respect of which this paragraph 8 will apply (Reconciliation Values that have been "**Suppressed**", being Suppressed Reconciliation Values and User Suppressed Reconciliation Values) shall be identified in the "**Network Code Reconciliation Suppression Guidelines**", the document so entitled prepared and revised from time to time by Transco (in consultation with Users).

##### 8.1.3 For the purposes of this paragraph 8:

- (a) **"Investigate"** means an investigation:-
    - (i) by Transco of the accuracy of a Suppressed Reconciliation Value; or
    - (ii) by the User of the accuracy of a User Suppressed Reconciliation Value
  - (b) **"relevant Reconciliation Billing Period"** is the Reconciliation Billing Period in respect of which a Reconciliation Invoice would have contained an Invoice Item derived from a Suppressed Reconciliation Value had not paragraph 8.1.4 applied;
  - (c) for each LDZ for each Reconciliation Billing Period the **"User LDZ Suppressed Reconciliation Proportion"** shall be the User's User Aggregate Reconciliation Proportion for Monthly Individual Reconciliation calculated in accordance with paragraph 7.2.2
- 8.1.4 Where as a result of carrying out Individual NDM Reconciliation or DM Reconciliation a Reconciliation Value is Suppressed, neither the Suppressed Reconciliation Value nor the User Suppressed Reconciliation Value will be used for the purposes of calculating the relevant Invoice Items in a Reconciliation for the relevant Reconciliation Billing Period (Reconciliation Billing Period 'p').

**Proposer's Representative**  
Robert Cameron-Higgs (Transco)

**Proposer**  
Tim M Davis (Transco)

**Signature**

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