

NETWORK CODE MODIFICATION PROPOSAL No. 0355

Title: Provision of Meter Reading History for Sites Newly Transferred

Date: 24th August 1999

Proposed Implementation Date: with immediate effect.

Type: Non Urgent.¹

Justification for Urgent Status:

Urgent status is required to reduce the unacceptable level of exposure of shippers registering large numbers of new sites on or around 1st October 1999.

If and when this modification is classified as urgent, then modification 336 will be withdrawn.

Nature and Purpose of Modification Proposal:

It is proposed that, following confirmation of site shippers shall, from seven days before the Supply Point Registration Date, be entitled to all data on meter readings (including any data logger readings) and meter asset data that Transco holds. In the case of the 1999 review shippers will have to request the information for specified meter points. In subsequent reviews it is to be provided automatically on the relevant date.

During the 1998 AQ review Transco provided this service on request. It was a manual process and Transco has now admitted that its main reason for withdrawing it is basically that it was too labour intensive. However Transco has had the opportunity to automate the process and has failed to do so.

Transco has given some additional and spurious reasons for not providing the data:

a) That the two readings used by it to calculate the new AQ will be notified to shippers along with the proposed AQ value. This misses two crucial points:

These reads will not be available in respect of sites for which offers are received after about 10th September and before the following June. It is these sites taken on around 1st October that give the most trouble in terms of AQs. Shippers facing a large unexplained increase in AQ on sites they have just taken on will have no basis on which to challenge the new figure.

Transco wrongly state that their calculation will necessarily be consistent with any data they hold. This is not true. Firstly they have now admitted that the AQ calculation is based on invoiced consumptions which could be in error because the incumbent shipper has failed to spot errors and secondly experience shows that careful examination of all relevant data (especially meter asset history) can reveal inconsistencies that would not be detected by any existing computer calculation.

¹ NOTE, This proposal has been rejected as Urgent by Ofgem. After consulting with The Gas Light & Coke Company they have indicated they wish to submit this proposal to the December Panel meeting.

b) Transco claims withdrawing shippers will have ensured the new Aqs are correct. We know this has not been the case in the past. In fact a shipper expecting to lose a site and seeing a large and probably erroneous increase in the AQ will have an incentive not to amend it.

c) Transco claims there have been challenges on the question of data ownership. Whereas provision of such data before change of ownership could be regarded as commercially confidential, the argument that this still applies afterwards is tenuous. We believe Transco has now conceded this point.

Furtherance of Relevant Objectives:

This modification is necessary to facilitate effective competition between relevant shippers and between relevant suppliers.

Users will be able to challenge AQs in respect of sites they have recently taken on, and thus to reduce their exposure to excessive Transportation charges due to the failings of Transco and of Withdrawing Users. Without this, Proposing Users will have to factor in risk premiums which will tend to make them uncompetitive, and the net effect will be to limit customer choice.

Consequences of not Making this Change:

As a result of the 1998 review, Users taking on sites, especially on or near 1st October, were exposed to massive excess charges resulting from erroneous AQs, resulting from incorrect readings or meter asset data which the Withdrawing User failed to identify. If this change is not made the exposure this year will be far greater than last year.

Area of Network Code Concerned: Principle Document Section H3 and Transition Document section H3.

Organisation: The Gas Light and Coke Co.

Proposer: R. Evans

Proposer's Representative: D. Smith

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