

Draft Modification Report
(Modification Reference Number 0002)

This modification report is made pursuant to Rule 8.12 of the Modification Rules and follows the format required under Rule 8.12.4.

In accordance with Rule 9.2(a) this modification is regarded as URGENT as it needs to be implemented in time for Domestic competition for 29 April 1996.

- (a) (i) set out the Modification Proposal;

All Domestic Market Meter Reads in the Pilot area at the start of the Domestic Market Pilot will be Customer Reads required to be taken in the period specified in Paragraph M3.8.3 of the Code. This allows for that Meter Read to be taken up to 2 Business Days after the Supply Point Registration date. Currently, this read must be supplied to TransCo by the end of the 5th Business day after the Supply Point Registration date. Unless the customer returns the Meter Reading card very quickly in the post then it is unlikely to reach TransCo in time.

It is proposed that the time for receipt by TransCo of these meter reads be extended by 2 business days.

This proposal has problems of uncertainty for the I&C market sectors and so it may prove more acceptable to limit this extension to a period of 3 months.

M 3.8.2 (ii) is to be amended to say:-

- (ii) *provided to TransCo not later than the 5th Business Day after the Supply Point Registration Date except in the case of Supply Point Registration Dates occurring before 1st July 1996 which must be provided to TransCo not later than the 7th Business Day after the Supply Point Registration date.*
- (ii) the text provided pursuant to Rule 8.14;

No text yet proposed.

- (b) the opinion (and the basis for that opinion) of TransCo as to whether any modification should be made;

TransCo does not support this modification in total. An alternative proposal has been submitted.

- (c) provide an analysis of whether and if so the extent to which the modification would better facilitate the achievement of the relevant objectives;

Without a modification to the existing requirement competition between relevant shippers and relevant suppliers in the domestic market will be inhibited as they may not be able to provide the meter read service that the domestic customers expect.

- (d) address the implications (if any) in the context of the application of the modification procedures in relation to the Modification Proposal of the implementation of the Modification Proposal for TransCo, including:

- (i) the implications for the operation of System and any BG Storage Facility;

.There are no immediate implications on the operation of the system or of any BG storage facility

- (ii) the development and capital cost and operating cost implications (if any) for TransCo of implementing the Modification Proposal; and

There will be minor cost implications for TransCo in modifying the UK Link system to accommodate this proposed change.

However, any such costs would need to be duplicated to remove the change after three months.

- (aa) if there are any such cost implications, the extent to which it is appropriate for TransCo to recover the costs, and (to such extent) a proposal for the most appropriate way for TransCo to recover the costs;

These costs need to be added to the Network Code development costs and recovered through the existing mechanisms.

- (bb) where any such proposal is made (whether or not the impact of such a proposal is addressed by the text of the modification), an analysis of the consequences (if any) such proposal would have (if implemented) on the price regulation to which TransCo is subject; and

The cost for providing this service should be reflected in any formula allowed revenues.

- (iii) the consequence (if any) of implementing the Modification Proposal on the level of contractual risk of TransCo under the Network Code as modified by the Modification Proposal;

No consequences have been identified on the level of contractual risk as a result of this proposed modification.

- (e) address the development implications and other implications for computer systems of TransCo and related computer systems of Relevant Shippers;

Minor development is required to widen the cut-off time - the full impact of this has yet to be assessed.

- (f) address the implications (if any) (to the extent only that TransCo shall have been informed (whether pursuant to representations or otherwise) in the context of the application of the modification procedures in relation to the Modification Proposal) of the implementation of the modification for Relevant Shippers, including:

TransCo has not been informed of the impact of the implementation of this proposed modification for Relevant Shippers.

- (i) the administrative and operational implications (if any) of the implementation of the Modification Proposal on Relevant Shippers;
 - (ii) the capital cost and operating cost implications (if any) for Relevant Shippers of implementing the Modification Proposal; and
 - (iii) the consequence (if any) of implementing the Modification Proposal on the level of the contractual risk of Relevant Shippers under the Network Code as modified by the Modification Proposal;

- (g) address the implications (if any) (to the extent only that TransCo shall have been informed (whether pursuant to representations or otherwise) in the context of the application of the modification procedures in relation to the Modification Proposal) for other relevant persons (including, but without limitation, Relevant Shippers, connected system operators, consumers, terminal operators, suppliers and producers and, to the extent not otherwise addressed, any Non-Network Code Party) of implementing the Modification Proposal;

TransCo has not been informed of implications for other relevant persons of implementing this Proposed modification.

- (h) address the consequences of the legislative and regulatory obligations and contractual relationships of
 - (i) TransCo; and
 - (ii) if (and to that extent only) TransCo shall have been informed (whether pursuant to representations or otherwise) in respect thereof in the context of the application of the modification procedures in relation to the Modification Proposal, each Relevant Shipper and each Non-Network Code Party (if any), of the implementation of the Modification Proposal;

TransCo has not been informed of any consequences of the legislative and regulatory obligations and contractual relationships of implementing this proposed modification.

- (i) provide an analysis of any advantages or disadvantages if and to the extent only that TransCo shall have been informed (whether pursuant to representations or otherwise in respect thereof in the context of the application of the modification procedures in relation to the Modification Proposal and (not otherwise identified as such pursuant to Rules 8.12.4 (c) to (h)) of the implementation of the Modification Proposal;

TransCo has not been informed of any advantages or disadvantages of implementing this proposed modification.

- (j) provide a summary of the representations (to the extent that the import of those representations are not reflected elsewhere in the modification report) of those persons (if any) which the development work group consulted, pursuant to the terms of reference Rule 8.2.2(d) or Rule 8.4.2;

No representations have been received as yet

- (k) (i) detail the representations which the development work group considered pursuant to Rule 8.6 and the representations (if any) received in accordance with Rule 8.12.1; and

No representations have been received as yet

- (ii) (to the extent that such representations are not addressed or otherwise commented upon in the modification report) comment, in the context of the modification report as a whole, on such representations;

No representations have been received as yet

- (l) state whether and if so the extent to which the implementation of the modification proposal is requisite:
 - (i) to enable TransCo to facilitate compliance with safety or other legislation; and

The proposed modification is not required to facilitate compliance with safety or other legislation.

- (ii) having regard to any proposed change in the methodology established under Standard Condition 3(5) or the statement; furnished by TransCo under Standard Condition 3(1) of the Licence;

The proposed modification is not required to comply with the above clause.

- (m) detail the programme for works (if any) required as a consequence of the implementation of the Modification Proposal;

Programme of works not yet identified.

- (n) set out a proposed timetable to be followed in respect of the implementation of the modification (including, but without limitation, the date upon which the modification should become effective);

No timetable proposed at this stage.

- (o) if it is the opinion of TransCo that a modification should be implemented:

TransCo does not support this modification proposal. An alternative proposal has been submitted.

- (i) set out either:

(aa) a request for consent of the Director to the modification; or

(bb) a proposal that the Director should direct that the modification be implemented; and

- (ii) comment upon, and make recommendations as to, the time scale for the implementation of the whole or any part of the modification; and

- (p) state whether or not any matter detailed in the development work group report (pursuant to Rule 8.8.1(j)) has been addressed or otherwise dealt with

and:

- (i) if such matter has been so addressed or dealt with, the result; or

- (ii) if such matter has not been so addressed or dealt with, an explanation as to why such matter has not been addressed or dealt with;

No development work group has been set up.

- (q) have attached to it copies of all the representations received (and not withdrawn in accordance with Rule 11.3.3) by TransCo.

No representations have been received as yet.

MODIFICATION DRAFTS/4.3.96

Section M

3.8.2 Amend paragraph (ii) to read as follows:

"(ii) provided to TransCo not later than 12:00 hours on the 7th Business Day after the Supply Point Registration Date"

Transition Document Part V

See attached revisions.

NETWORK CODE TRANSITION DOCUMENT
PART V: METER READING TERMS

1. GENERAL

1.1 Introduction

1.1.1 TransCo will until 31st March 1997 provide meter reading services to Users in relation to Non-Daily Read Supply Meters subject to and in accordance with this Part V.

1.1.2 In this Part V "TransCo (MR)" means TransCo when acting as the provider of meter reading services pursuant to this Part V.

1.1.3 This Part V applies in respect of Non-Daily Read Supply Meters at Supply Points;

(a) whose Annual Quantities exceed 73,198 kWh (2,500 therms), and

(b) whose Annual Quantities do not exceed 73,198 kWh (2,500 therms), where:

(i) the Supply Point Premises are located in an area for the time being specified in an order made pursuant to Section 6(6) of the Gas Act 1995; and

(ii) the time in question is after the date determined in relation to that area by or under the order,

(irrespective of whether BGT is the Registered User of such Supply Points).

1.1.4 Subject to paragraph 3.5.1(c), until the date referred to in paragraph 1.3.1, no User may appoint any person other than TransCo (MR) as Meter Reader in relation to any Meter to which this Part V applies.

1.1.5 With effect from 1st April 1997 this Part V shall cease to have effect and TransCo (MR) will cease to be engaged by a User to provide meter reading services in relation to any Supply Meter unless TransCo and the User have agreed otherwise, and the User will be responsible for making other arrangements to comply with the relevant requirements of Section M.

1.1.6 For any User, where in relation to a Relevant Meter TransCo (MR) is for the time being Meter Reader pursuant to this Part V, as respects the Relevant Meter and any Meter Reading in respect thereof, the User shall be deemed to have complied with the provisions of the following paragraphs of Section M: 1.9.2, 3.1.2, 3.1.4(c), 3.1.5, 3.2.1, 3.3.5, 3.4.1, 3.5.1, 3.5.3, 3.5.4, 3.5.5 and 3.8.2.

1.1.7 For any User, where in relation to any Relevant Meter TransCo is not Meter Reader, the provisions of Section M3.4 or (as the case may be) M3.5 (and in relation thereto, of Section M3.6) shall be taken to apply separately in respect of all those Relevant Meters (in aggregate) in relation to which TransCo is not Meter Reader.

- 1.1.8 By agreement between TransCo and any User the terms of this Part V may be varied as respects that User, provided that the provisions of paragraphs 3.6 and 3.7 shall apply as though such variation had not been made.

1.2 Definitions

- 1.2.1 In this Part V the following terms have the following meanings:

"Non-domestic Meter" and "Domestic Meter": a Meter within paragraph 1.1.3(a) or paragraph 1.1.3(b) respectively;

"Ofgas Guidance Notes": any guidance notes from time to time published by the Director's Office relating to the reading of Supply Meters and which are of general application to persons reading Supply Meters, insofar as such notes contain rules or requirements with which it is reasonable to expect TransCo (MR) to comply;

"Meter": a Non-Daily Read Supply Meter in accordance with paragraph 1.1.3;

"Meter Reading Information": the Validated Meter Reading and other information to be recorded upon each Meter Read under this Part V;

"Relevant Meter": in relation to a User, a Meter at a Supply Point of which the User is for the time being the Registered User and (except for the purposes of paragraph 1.1 and 1.3) in relation to which TransCo is engaged as Meter Reader pursuant to this Part V;

"Self Read": a Meter Reading and other details obtained in accordance with paragraph 2.2.1.

- 1.2.2 For the purposes of this Part V:

- (a) a "Meter Read Visit" is a visit, made on a Day and at a time of Day in accordance with paragraph (b), by a representative of TransCo (MR) to the premises where a Relevant Meter is located for the purposes of undertaking a Meter Read;
- (b) the Day and the time of Day of the visit shall be such as appear to TransCo (MR) to be reasonable for the purposes of such a visit having regard to the relevant premises, or as has otherwise been agreed by TransCo (MR) with the Registered User or the consumer;
- (c) nothing in paragraph (b) shall render invalid a Meter Reading obtained on any Day or at any time.

- 1.2.3 A reference in this Part V to a representative of TransCo (MR) shall include a representative of any person engaged by TransCo (MR) as agent or sub-contractor for performance of this Part V.

- 1.2.4 Upon a Supply Point Reconfirmation by a User, the Meter(s) at the relevant Supply Meter Points shall be treated for the purposes of this Part V as becoming Relevant Meters with effect from the Supply Point Registration Date (and as not having been Relevant Meters before such date).

1.3 Appointment of alternative Meter Reader

- 1.3.1 A User may:

3.3.7 For any User, in relation separately to month 'n+1' and to month 'n+2', not more than 5% of the Relevant Monthly Read Meters for which in relation to month 'n' TransCo (MR) did not provide Valid Monthly Readings may be Access-denied Meters.

3.4 Performance requirements: annual read meters

3.4.1 For the purposes of this paragraph 3.4, in relation to any User:

(a) in relation to any Half-year Period a "Relevant Annual Read Meter" is an Annual Read Meter which was a Relevant Meter for the whole of the period commencing one month before the Half-year Period until the end of the Half-year Period;

(b) a "Valid Half-yearly Reading" in respect of a Relevant Annual Read Meter is a Valid Reading:

(i) obtained not more than 7 months nor (except in the cases specified in paragraph (e)) less than 5 months after the preceding Valid Reading obtained pursuant to this paragraph 3.4 or (as the case may be) after the Supply Point Registration Date, and

(ii) (in accordance with paragraph 2.4.1(ii)) provided to such User not later than 5 Business Days after the date of the Meter Read;

(c) a "Half-year Period" is the six month period beginning 1st October or 1st April in any year;

(d) in accordance with paragraph (b)(i), a Valid Half-yearly Reading obtained in respect of a Relevant Annual Read Meter during the month preceding a Half-year Period shall count as a Valid Half-yearly Reading in relation to that Half-year Period;

(e) the cases referred to in paragraph (b)(i) are each of the first two Valid Readings obtained after the Supply Point Registration Date, and the first Valid Reading obtained after a Valid Reading provided in respect of a Failed Annual Read Meter²;

(f) the "Target Percentage" is:

(i) 90% in relation to Non-domestic Meters;

(ii) 70% in relation to Domestic Meters;

and paragraph 3.4.3 shall apply separately in relation to Non-domestic Meters and in relation to Domestic Meters.

3.4.2 In respect of each Half-Year Period TransCo (MR) will use reasonable endeavours to provide to the User a Valid Half-yearly Reading for each Relevant Annual Read Meter.

3.4.3 Subject to the further provisions of this paragraph 3, if for any Half-year Period TransCo (MR) does not provide to the User Valid Half-yearly Readings for at least ^Δ the Target Percentage of Relevant Annual Read Meters, TransCo (MR) will pay to the User an amount calculated as:

$$\Delta(X/100 * D) - E = F$$

where for the relevant Half-year Period:

'X' is the Target Percentage;

'D' is the number of Relevant Annual Read Meters;

'E' is the number of Relevant Annual Read Meters for which TransCo (MR) did provide Valid Half-yearly Readings;

and where F is the relevant percentage of £4.

- 3.4.4 For the purposes of paragraph 3.4.5, subject to paragraph 3.4.6, a "Failed Annual Read Meter" is a Relevant Annual Read Meter for which in relation to any Half-year Period TransCo (MR) did not provide a Valid Half-yearly Reading and which continues to be a Relevant Meter until the end of, and is not an Access-Denied Meter at any time during, the following Half-year Period (the "Second" Half year Period).
- 3.4.5 Subject to the further provisions of this paragraph 3, if for a Failed Annual Read Meter TransCo (MR) fails to provide to the User any Valid Reading by the end of the Second Half Year Period, TransCo (MR) will pay to the User the relevant percentage of £20.
- 3.4.6 Amounts payable under paragraph 3.4.5 are in addition to any amounts which may become payable under paragraph 3.4.3 in respect of the Second or any subsequent Half-year Period; but where a Relevant Meter is a Failed Annual Read Meter in respect of several consecutive Half Year Periods paragraph 3.4.5 shall apply only once and on the basis that the Second Half-year Period is that following the first Half-year Period in respect of which the Relevant Meter was a Failed Relevant Annual Meter (and accordingly paragraph 3.4.5 shall not apply again until there has been a Half-year Period in relation to which TransCo does provide a Valid Half-yearly Reading for the relevant Meter).
- 3.4.7 For any User, not more than 5% of the Relevant Annual Read Meters for which in relation to a Half-year Period TransCo (MR) did not provide Valid Half-yearly Readings may (in relation to the Second Half-year Period) be Access-denied Meters.

3.5 Performance requirements; opening meter reads

3.5.1 In this paragraph 3.5:

(a) in relation to a calendar month:

- (i) subject to paragraph (c), an "Opening Read Meter" is a Meter at a Supply Point for which the Supply Point Registration Date falls within that month;
- (ii) in relation to any User, a "Relevant Opening Meter" is a Relevant Meter which is an Opening Read Meter,

(b) a "Valid Opening Reading" in respect of an Opening Read Meter is a Valid Meter Reading:

- (i) obtained within the period of 5 Business Days commencing 2 Business Days before the Supply Point Registration Date, and

(ii) (in accordance with paragraph 2.4.1(ii)) provided to the Registered User not later than 5 Business Days after the Supply Point Registration Date;

(c) an Opening Read Meter does not include a Domestic Meter (and TransCo's services under this Part V do not include the provision of Opening Meter Readings for the purposes of Section M3.8.2 in relation to Domestic Meters).

3.5.2 TransCo (MR) will use reasonable endeavours to provide to the User a Valid Opening Reading to the User for each Relevant Opening Meter.

3.5.3 Subject to the further provisions of this paragraph 3, if in respect of any calendar month TransCo (MR) does not provide to the User Valid Opening Readings for at least 90% of Relevant Opening Meters, TransCo (MR) will pay to the User an amount calculated as:

$$((0.9 * G) - H) * I$$

where for the relevant calendar month:

'G' is the number of Relevant Opening Meters,

'H' is the number of Relevant Opening Meters for which TransCo (MR) did provide Valid Opening Readings, and

and where 'I' is the relevant percentage of £30.

3.5.4 For the purposes of paragraph 3.5.5, in relation to a User a "Failed Opening Read Meter" is a Meter which in any calendar month is a Relevant Opening Meter for which TransCo (MR) did not provide a Valid Opening Reading, and which continues to be a Relevant Meter and is not an Access-Denied Meter until:

(i) for the purposes of paragraph 3.5.5(i), the 20th Business Day after the Supply Point Registration Date;

(ii) for the purposes of paragraph 3.5.5(ii), the 40th Business Day after the Supply Point Registration Date.

3.5.5 Subject to the further provisions of this paragraph 3, if for a Failed Opening Read Meter:

(i) TransCo (MR) fails to provide to the User a Valid Reading within 20 Business Days after the Supply Point Registration Date, TransCo (MR) will pay to the User the relevant percentage of £75;

(ii) having failed under paragraph (i), TransCo (MR) fails to provide to the User a Valid Reading within 40 Business Days after the Supply Point Registration Date, TransCo (MR) will pay to the User a further amount equal to the relevant percentage of £75.

3.5.6 For any User, not more than 5% of the Relevant Opening Meters for which in relation to a month TransCo (MR) did not provide Valid Opening Readings may be Access-denied Meters.

3.6 Relevant percentage

3.6.1 For the purposes of this paragraph 3, subject to paragraph 3.6.4, the "relevant percentage" is:

- (a) in respect of the period from 1st March until 31st August 1996, 50%;
- (b) in respect of the month of September 1996, 100%;
- (c) in respect of any subsequent quarter (quarter 'q'), subject to paragraph 3.6.3:
 - (i) where in respect of quarter q-1 TransCo (MR) failed to comply with the relevant aggregate requirement;
 - (1) where quarter q-1 is the quarter ending 30th September, 125%;
 - (2) except as provided in paragraph (1), 112.5%;of the relevant percentage applicable in respect of quarter q-1;
 - (ii) where in respect of quarter q-2 TransCo (MR) failed to comply with the relevant aggregate requirement but in respect of quarter q-1 TransCo (MR) complied with the relevant aggregate requirement, the relevant percentage applicable in respect of quarter q-1;
 - (iii) where in respect of quarters q-1 and q-2 TransCo (MR) complied with the relevant aggregate requirement, 87.5% of the relevant percentage applicable in respect of quarter q-1, provided that (subject to paragraph (a)) the relevant percentage shall not be less than 100%.

3.6.2 For the purposes of paragraph 3.6.1:

- (a) the "relevant aggregate requirement" in respect of any quarter:
 - (i) in relation to Monthly Read Meters, is the requirement that TransCo (MR) should provide to Users in aggregate not less than 90% of the required number of Valid Monthly Readings, where:
 - (1) the required number is the sum, for each month in the quarter, of the number of relevant Monthly Read Meters;
 - (2) for the purposes of paragraph (1) a relevant Monthly Read Meter is a Meter which was in respect of a User a Relevant Monthly Read Meter in relation to the relevant month;
 - (ii) in relation to Opening Read Meters, is the requirement that TransCo (MR) should provide to Users in aggregate Valid Opening Readings for not less than 90% of Opening Read Meters in that quarter;
 - (iii) in relation to Annual Read Meters, is the requirement (separately as respects Domestic Meters and Non-Domestic Meters) that TransCo (MR) should, in the period of six months ending at the end of the quarter, provide to Users in aggregate Valid Half-yearly Readings for not less than Δ the Target Percentage (in accordance with paragraph 3.4(f)) of the relevant Annual

Read Meters, where a relevant Annual Read Meter is a Meter which was in respect of a User a Relevant Annual Read Meter in relation to that period of six months (for the purposes of which references to Half-year Periods in paragraph 3.4.1 shall be treated as references to such period of six months);

- (b) a "quarter" is a period of three calendar months ending 31st December, 31st March, 30th June or 30th September.

- 3.6.3 For the purposes of determining any amount payable by TransCo (MR) to a User under this paragraph 3, the relevant percentage shall be that applicable in respect of the quarter, or in the case of an Annual Read Meter the arithmetic mean of the relevant percentages for the two quarters in the relevant Half-year Period, in which the Meter Read under paragraph 3.3.2, 3.4.2 or (as the case may be) 3.5.2, was required.

- 3.6.4 In relation to any Domestic Meter, the relevant percentage shall be one half of the percentage determined under paragraph 3.6.1.

- 3.7 Aggregate payment cap

- 3.7.1 The amounts payable by TransCo (MR) pursuant to this Part V shall be subject to Section M5.4, for the purposes of which this Part V (as made binding between TransCo and each User) is a Non-daily Meter Reading Contract.

- 3.7.2 For the purposes of Section M5.4.2(a)(ii), the provisions of paragraphs 3.3, 3.4 and 3.5 are designated as relevant provisions.

- 3.7.3 For the purposes of Section M5.4.2(d)(iii)(2) of the Network Code, each of the relevant aggregate requirements under paragraph 3.6.2 (separately as respects Relevant Monthly Read Meters, Relevant Annual Read Meters which are Domestic Meters, Relevant Annual Read Meters which are Non-domestic Meters, and Relevant Opening Meters^Δ, but subject to paragraph 3.7.4) is designated as a separate relevant aggregate requirement^Δ;

- ^Δ 3.7.4 For the purposes of Section M5.4.2(d)(iv) of the Network Code, a failure to comply with the relevant aggregate requirement both in respect of ^Δ Relevant Annual Read Meters which are Domestic Meters, and in respect of those which are Non-domestic Meters, shall count as one failure and not two.

- ^Δ 3.7.5 It is acknowledged that the maximum amounts specified in Section M5.4.1(a) are set at levels which take account of the effect of this paragraph 3.7 (and accordingly assume the provision by TransCo of meter reading services pursuant to this Part V in respect of Non-daily Read Supply Meters), and that it will be appropriate to review and revise such amounts after TransCo ceases to provide such services.

- 3.8 Disapplication

Section M5.5 shall apply in respect of this paragraph 3 as though the provisions of this paragraph 3 were expressly referred to in that Section.

- 3.9 Invoicing and payment