

Modification Report
Modification Reference Number 0004

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

1. Circumstances Making This Modification Urgent

In accordance with Rule 9.2(a) Ofgas has agreed that this modification should be treated as URGENT because it should be implemented in time for Domestic competition to start on 29 April 1996.

2. Procedures Followed

TransCo agreed with Ofgas (and has followed) the following procedures for this Proposal:

- 6/3/96 Circulate Proposal
- 8/6/96 Circulate Drafting
- 15/6/96 Meet with Shippers to take Representations
- 22/3/96 Circulate Draft Modification Report for Representations
- 29/3/96 Final date for Representations
- 4/4/96 Send Final Modification Report to Ofgas
- Circulate Modification Report following Ofgas agreement.
- 29/4/96 Implement Modification

3. The Modification Proposal:

The existing meter reading terms only apply to supply points with an annual quantity of 73,198 kWh and above. A modification is required to the Network Code to facilitate TransCo providing a meter reading service to the Domestic Market.

The service will be similar to that presently provided for annual read meters except:-

- (1) The performance target will be to provide Valid Half-yearly Readings for 70% of Relevant Annual Read Meters.
- (2) The liability for failure to meet the performance target will be half that which applies to the present annual read meters.
- (3) No service will be offered to provide opening meter reads.
(NOTE: The costs of this activity is under discussion with Ofgas concerning its treatment within the formula.)

4. Text provided pursuant to Rule 8.14:

Revised drafting to Part V of the Transition Document is attached. In particular, refer to 1.1.3, 3.4.1, 3.5.1 and 3.6.4.

5. TransCo opinion:

TransCo supports this modification, without it meter reads, for Network Code purposes, will not be provided for the Domestic Market.

TransCo requests that the Director gives a direction that the proposed modification be made as recommended in this Modification Report .

6. Extent to which the modification would better facilitate the relevant objectives:

Without this modification 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.

7. The implications for TransCo of implementing the Modification Proposal , including:

a) 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.

b) development and capital cost and operating cost implications

There would be significant cost implications for TransCo in providing an opening meter read service for the Domestic Market.

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:

As the estimated cost for this modification is below the Change Modification Detailed Costing Threshold, the development costs will be recovered through the existing mechanisms.

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

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

8. 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:

The provision of this service will be subject to liabilities for failure to perform. However, as total liabilities are capped there is a no greater contractual risk.

9. The development implications and other implications for computer systems of TransCo and related computer systems of Relevant Shippers:

Meter reads will for the domestic market will be provided in the same manner as those for the competitive market. Therefore there are negligible implications for computer systems.

10. The implications of implementing the modification for Relevant Shippers.

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

11. The implications of implementing of the modification for terminal operators, suppliers, producers and, any Non-Network Code Party:

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

12. Consequences on the legislative and regulatory obligations and contractual relationships of TransCo and each Relevant Shipper and 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.

13. Analysis of any advantages or disadvantages of the implementation of the Modification Proposal:

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

14. Summary of the representations (to the extent that the import of those representations are not reflected elsewhere in the modification report:

A Shipper has written expressing concern that by allowing customer reads this could encourage disputes because of "Criminal activities"

TransCo Response

Should a problem become apparent during the trial, an urgent modification can be raised.

15. The extent to which the implementation is required to enable TransCo to facilitate compliance with safety or other legislation:

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

16. 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.

17. Programme of works required as a consequence of the implementation of the Modification Proposal:

The change will be incorporated into the existing domestic tests. No additional works are envisaged.

18. Proposed implementation timetable:

The change is to be implemented by 29th April 1996, to facilitate Domestic Competition.

19. Recommendation for the implementation of the modification:

TransCo recommend that the modification be implemented by 29 April 1996.

20. 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.

21. TransCo Proposal

This Modification Report contains TransCos proposal to modify the Network Code and TransCo now seeks a direction from the Director General in accordance with this report.

Signed for and on behalf of British Gas TransCo.

Signature:

Date:

Name:

Position:

Director General of Gas Supply Response

In accordance with Condition 7 (10) (b) of the Standard Conditions of Public Gas Transporters' Licences dated 21st February 1996 I hereby direct British Gas TransCo that the above proposal be made as a modification to the network code.

Signed for and on behalf of the Director General of Gas Supply.

Signature:

Date:

Name:

Position:

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 Meter^Δ;
- (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

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

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 the Target Percentage (in accordance with paragraph 3.4(f)) of the relevant Annual