

SPA/Metering sub-group Terms of Reference
Modification Proposal 0229
'Removal of Competitive Advantages from Transco MR'

Review Proposal

Modification 229 was raised by Eastern Power and Energy Trading on 20th April. It proposed a number of changes which were designed to clarify the distinctions between Transco (MR) and Transco (PGT). The proposal suggested that the existing wording of the Network Code and the operational arrangements for Transcos meter reading services afforded Transco (MR) advantages over other independent MRA's which may hinder the development of competition in meter reading.

In their response of 7 May, Ofgas advised that they did not believe the proposal warranted an urgent timetable for a number of reasons:

- ♦ the physical and financial separation of meter reading is best taken forward within Ofgas' work on unbundling metering services. A publication from Ofgas is expected in June.
- ♦ the modification was made too late to resolve the issues prior to shippers having to decide whether to sign the Incentive Based Contract.

Ofgas suggested that the proposal would benefit from further industry discussion and that was best achieved by a sub-group of the SPA/Metering Workstream. It suggested that any conclusions from the sub-group would be considered by Ofgas as part of their overall review of unbundling of metering services.

Scope of sub-group

The sub-group will review the current provisions of the Network Code, identifying where there is ambiguity over the functions of Transco as a meter reader and Transco acting as a PGT. The group will consider how any lack of distinction may advantage Transco (MR) over independent MRA's. If advantages are identified, proposals will need to be developed to consider how these issues could be addressed in the short term. Consideration may also be given to how these issues should be addressed in the longer term, which can be fed into the Ofgas review of unbundling metering services.

The sub-group will also consider the ways in which Transco (MR) may benefit from more direct access to UK-Link compared with Shippers and their MRA's. Benefits will need to be quantified in respect of their likely effect on the development of competition in meter reading. Consideration will need to be given on whether pragmatic solutions are available in the short term to address any distortion and provide recommendations for consideration by Ofgas in their work on unbundling of metering services.

In considering these issues and developing short to medium term solutions, the sub-group will need to take into account any constraints of existing UK-Link functionality. It is unlikely that any systems changes will be achievable as an interim measure and any short/medium term solutions should focus therefore on operational or contractual changes.

The sub-group will not consider any issues relating to the new Incentive Based Contract, as this agreement is outside of the Network Code and unrelated to the concerns raised in Modification 229.

Sub-Group Composition

Steve Perkins	BG Trading
Anna Devonish	BP Gas
Dave England	Business Gas
Andy Beggs	Calortex
Rob Barnett	Eastern
Ruth Morley	Mobil
Graham Kilpatrick	Scottish Power
Brian Horton	Total Gas Marketing
Simon Doggett	Ofgas
Kevin James	Ofgas
Sharon McLaughlin	Transco
Andy Morgan	Transco
Michele Ward	Transco
Alan Hart	Transco
Andy Moir	Transco

Terms of Reference

- ◆ Identify areas within the Network Code where there is lack of distinction between Transco's role as a meter reader and it's role as a PGT.
- ◆ Identify and quantify areas where Transco MR may benefit from direct access to UK-Link over Shippers and independent MRA's.
- ◆ Determine who should have responsibility for maintaining and / or updating meter information together with the appropriate incentives on all parties.
- ◆ Where appropriate, propose non-systems based solutions to address any issues identified.
- ◆ Prepare recommendations for longer term resolution of these issues for consideration by Ofgas in their broader review of the unbundling of metering services.
- ◆ Identify any Shipper requirements for access to meter information or meter read history to be input to the debate on this issue within the Metering / SPA workstream.

Timetable

Convene Review Group	June 1998
Update to Mod Panel (in line with Ofgas Consultation)	August 1998
Review Group Report to Mod Panel	October 1998