

NETWORK CODE MODIFICATION PROPOSAL

SHORT TITLE: Removal of Competitive Advantages from
Transco(MR)

DATE: 20 April 1998

URGENCY: Urgent due to imminence of new Incentive Based
Meter Reading Contract

JUSTIFICATION:

The provisions in the Code for non-daily meter reading as at 1 March 1996 were devised on the basis that, initially, only Transco would be the Meter Reader. This is one reason why there is no proper distinction in Section M of the Code between Transco(PGT) - the holder of the Transportation Licence - and Transco(MR) who performed the meter reading function under the original Part V of the Transition Document.

Since the development of the functionality for Users to provide their own meter reads, no shipper has removed any meters from the bundled service. Various reasons were put forward during an Ofgas Consultation which require to be addressed by the industry. This proposal is aimed at addressing two of those reasons: the inherent advantages enjoyed by Transco(MR) through a more direct access to UK Link; and the poor quality of Meter Information held on Sites and Meters.

"Transco(MR)" is a Code term that occurs only in the time-expired Part V of the Transition Document. This is fair because Transco(MR) should be acting purely as a shipper agent. However, Section M refers to different terms when Transco provides meter-reading services which can only, in reality, be provided by Transco(MR).

The current terms offered by Transco(MR) under their "Liability Based" contract are due to be withdrawn on 1 July 1998. Shippers and Transco are negotiating new terms for an "Incentive Based" contract (IBC) which is to be the benchmark for shippers to judge terms offered by independent meter reading agencies (MRA).

CONSEQUENCE OF NOT MAKING THIS CHANGE.

Transco(MR) will continue to be advantaged relative to independent MRAs such that Users wishing to unbundle will face additional risks. Data held on the Supply Point Register will not be updated, giving an advantage to the incumbent Meter Reader. This will slow the development of competition.

AREA OF NETWORK CODE CONCERNED:
Sections M2.7, M3

MODIFICATION TEXT:

To be supplied by Transco.

NATURE OF PROPOSAL:

Transco(MR), as a shipper agent should be treated identically to any other meter reader. This is not currently the case:

1 In Paragraph M3.1.4(d), a Meter Reading and details must be provided to Transco in the

way prescribed under paragraph 3.3.1 "(except where Transco is appointed as Meter

Reader)..." Paragraph 3.3.1 specifies how reads must be supplied in accordance with the

UK Link Manual with compliance deemed if Transco is the Meter Reader. This is potentially a lower standard and certainly allows Transco(MR) more flexibility in the supply of information allowing, potentially, greater levels of performance.

The text in bold above, quoted from paragraph M3.1.4(d), should be deleted and paragraph M3.3.1 should be similarly modified. Unbundled shippers should have the same access to Transco(PGT) as that enjoyed by Transco(MR).

2 In Paragraph M3.2.2, it is only "Where Transco is not to be Meter Reader in respect of a Supply Meter Point comprised in a Proposed Supply Point..." that Transco will supply Meter Information (details of the Meter and Access Details) to the Proposing User. This means that paragraphs 3.2.3 to 3.2.7 only become effective for unbundled meter readings. These paragraphs detail the obligations to provide updated Meter Information which Transco will use to update the Supply Point Register.

This is a theoretical advantage to the unbundled service in that, at the point of contact with a customer, there is an opportunity for the Supplier to update access details which is denied to the bundled shipper who does not get told the original state of the access details. However, in reality, there is such a potential for those access details to deteriorate in the bundled service that the risks of giving notice to unbundle become unmanageable.

The text in bold above, quoted from paragraph M3.2.2, should be deleted. At the point of unconditional Confirmation, the incoming shipper should have the opportunity to update all Meter Information and so should be told the current state of that information automatically.

3 Paragraphs 3.2.4 to 3.2.7 deal with the provision of updated Meter information via a Meter Information Notification. It should be clarified that Transco(MR) will use the same vehicle to notify the User and Transco(PGT) of any changes. This should ensure that details are updated on

the same timescale regardless of whether the shipper is using a bundled or unbundled service.

4 On request, Transco(PGT) should divulge the Meter Information contained on the Supply Point Register for any meter or group of meters for which a User is Registered. This empowers (and puts the obligation on) all shippers to maintain the information on the Register (in accordance with G1.9.8). This puts the duty on Transco(PGT) to keep the User informed of the content of the Supply Point Register and will give the User control of the timing of the process of cleaning data which will allow management of the risk when choosing to unbundle.

The Information held on Sites and Meters must be improved so that a shipper who wishes to use an independent meter reading service will not be disadvantaged if they use a non-incumbent MRA:

5 Transco(PGT) must update Meter Information supplied quickly and correctly. Currently, Transco pays a liability when Meter Information is not updated after siteworks (M2.7).

Paragraph 2.7 should be amended such that Transco is liable for failure to update following receipt of any Meter Information Notification. The liability cap in M2.7.5 to be increased to [£9,000,000]. This applies whether the Meter Information comes as a result of Siteworks, shipper notification (from an unbundled meter reading service) or Transco(MR) notification.

PURPOSE OF PROPOSAL:

1 To ensure that a clear distinction is made between Transco(MR) and Transco(PGT) with the former not enjoying a better service from the transporter than that offered to non-Transco MRAs.

2

To ensure that all Meter Information on the Supply Point Register is maintained in a timely manner such that any meter can be unbundled with confidence.

IDENTITY OF PROPOSER'S REPRESENTATIVE:

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Signature:

Date Received: 21st April 1998

Reference No: 0229