

Draft Modification Report
Modification Reference Number : 0241
"Monthly Must Read Window Extension"

This draft Modification Report is made pursuant to Rule 7.4 (a) of the Modification Rules and follows the format required under Rule 8.12.4.

1. The Modification Proposal:
(as originally submitted by BP Gas Marketing Ltd)

The provisions in the Code require that for Relevant Monthly Read Meters valid meter readings be obtained not less frequently than once every 3 calendar months. Where a reading is not obtained within this period Transco are obligated to obtain a valid reading in accordance with the provisions of Section M. The Registered User is required to make payment to Transco for the obtaining of this read for an amount specified in the Transportation Statement.

It is recognised that obtaining of valid meter readings is an essential part of NDM Reconciliation process. However, throughout the consultations on the Incentive Based Meter Reading Contract and impediments to competition in meter reading it was agreed by a number of Shippers that the potential for excessive "must read" penalties exist and unbundling of meter reading would heighten this risk. It was proposed that the requirement to obtain valid monthly meter readings be extended but the extension not so great as to have a derogatory impact on NDM Reconciliations.

Extending the read window will allow more time, one month, for Transco to notify Shippers of instances where access has been denied or unable to be obtained. It will also provide Shippers with more time to actively follow up these instances with their customers and return revised access information to Transco to enable a read to be obtained within the relevant time period without incursion of the "must read penalty".

2. Transco's opinion:

Transco recognise the concerns raised with the current Monthly Must Read procedure and are comfortable with the changes to the timescales.

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

This modification will better facilitate the relevant objectives by reducing the likelihood of must read charges being levied, thereby reducing a potential barrier to the development of competition in meter reading services.

4. **The implications for Transco of implementing the Modification Proposal, including:**

a) **implications for the operation of the System and any BG Storage Facility:**

None identified.

b) **development and capital cost and operating cost implications:**

None identified .

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:**

Transco does not intend to recover any costs other than those provided for in the Transportation Statement

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

Transco is not aware of any consequences this proposal would have on price regulation.

5. **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:**

No direct contractual risk identified.

6. **The development implications and other implications for computer systems of Transco and related computer systems of Relevant Shippers:**

Must Read processes are currently being developed and no other additional costs are involved as a result of this change.

7. **The implications of implementing the Modification Proposal for Relevant Shippers:**

The proposed modification to the Network Code will allow Transco and Shippers more time to deal with sites for which access is a problem, many of which will be vacant and require lengthy investigations to gain access.

Also, relevant Shippers will need to implement internal procedures and processes to support the new facility.

8. **The implications of implementing the Modification Proposal for terminal operators, suppliers, producers and, any Non-Network Code Party:**

This proposal will allow more time to deal with sites for which access is a problem. This in turn will potentially reduce the number of must reads and warrants of entry that are required.

9. **Consequences on the legislative and regulatory obligations and contractual relationships of Transco and each Relevant Shipper and Non-Network Code Party of implementing the Modification Proposal:**

None identified

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

Advantages:

Extension of the "must read" period for monthly read meters from three to four months will allow the following benefits.

- Enable Transco to notify Shippers where access has been denied or readings not been obtained.
- Provide Shippers with more time to follow up the above instances with their customers and return revised access information to Transco. This will potentially enable Meter Reading Agents to obtain a reading within the relevant time period without Shippers incurring the "must read charge".
- Reduce the number of applications for warrants of entry therefore reducing Transco charges to Meter Reading Agents.

Disadvantages:

- Potentially delay reconciliation at I & C Meter Points which in turn could delay reconciliation at Domestic Meter Points through RbD. This issue has been discussed at the RbD Review Group and the Group did not suggest that this concern should delay implementation.

11. **Summary of the Representations (to the extent that the import of those representations are not reflected elsewhere in the Modification Report):**

Not applicable.

12. **The extent to which the implementation is required to enable Transco to facilitate compliance with safety or other legislation:**

Not applicable.

13. **The extent to which the implementation is required having regard to any proposed change in the methodology established under Standard Condition 3(5) of the statement; furnished by Transco under Standard Condition 3(1) of the Licence:**

Not applicable.

14. **Programme of works required as a consequence of implementing the Modification Proposal:**

Transco are developing Reports to identify must reads and files for sending the requests to Meter Reading Agents which are expected to be ready for 1st October 1998.

15. **Proposed implementation timetable (inc timetable for any necessary information systems changes):**

This Modification should be implemented by 1st October 1998.

16. **Recommendation concerning the implementation of the Modification Proposal:**

That this modification is implemented in accordance with the timescales indicated in Item 15.

17. **Text provided pursuant to Rule 7.3:**

Principle Document Section M.

Paragraph 3.1. 6 (i) amend to read:

"in the case of a Monthly Read Meter, in the preceding 3 calendar months"

Paragraph 3.4.1 (i) amend to read:

"for each Relevant Monthly Read Meter, not less frequently than once every 4 calender months"

Representations are now sought in respect of this Draft Report and prior to Transco finalising the Report.

Signed for and on behalf of Transco.

Signature:


John Lockett
Manager, Network Code

Date: 14/8/98