TRANSCO NETWORK CODE MODIFICATION PROPOSAL No. 0426

"Amendments to the Network Code Validation Rules"
Version 1.0

Date: 08/09/2000

Proposed Implementation Date: 29/09/2000

Urgency: Urgent

Justification

The "Network Code Validation Rules" (NCVR) referred to in section M1.5.3 of the Network Code contain a specific test to be applied in validating meter readings where a corrector is fitted. These rules require the operation of tolerance checking within a specified range. The tolerance test criteria that Transco has applied since March 1996, whilst providing technically and commercially accurate information, differ from those contained in the NCVR Version 1.0.

This proposal therefore seeks to remedy this technical breach and resolve an inconsistency in the current practice by replacing the NCVR Version 1.0 with Version 2.0 on a temporary basis with development of the most appropriate NCVR for the longer term proceeding in parallel.

Transco believes that this proposal should be dealt with Urgently in order to;
Ensure that Transco acts in accordance with its' contractual obligations,
Avoid major disruption to the industry, i.e. significant volumes of valid reads would be contractually invalidated and replaced with estimates,
Avoid continued accrual of significant liability payments resulting from the rejection of valid meter reads.
Ensure continuance of the current economic and efficient operation of meter read provision

Furthermore, as the proposal merely seeks to confirm the present regime with enhancements agreed in industry meetings held on 4 and 11 September 2000, Transco does not believe there is any requirement to further develop this proposal. Further development for the longer term will proceed under the arrangements specified in the Network Code.

Nature of Proposal

This Modification proposal seeks to replace the published NCVR (Version 1.0) with a two tier test which will accomodate temperature and pressure variations and instances of low gas flow (Version 2.0 attached). This approach together with the new values and test set out in Version 2.0 is the result of two shipper meetings held on 4 and 11 September 2000.

To expedite this matter, this proposal also seeks to temporarily remove the requirement for three months notice prior to implementation as provided in M.1.5.3 and the Version 2.0 of the NCVR will be applicable with immediate effect.

In line with this proposal, Transco additionally proposes that a newly formed NCVR Sub Committee (of the Network Code Committee) is established, with the express role of establishing a framework for longer term corrector Validation criteria, which may be considered appropriate in any further revision to the Validation Rules.

Purpose of Proposal

This Modification proposal will bring Transco's Network Code contractual requirements into line with its application of appropriate Validation Rules. As such it will legitimise the existing efficient and economic operation of the provision of valid meter readings. It will not preclude further consideration of the most appropriate criteria to be employed (at a future date) to proceed in parallel and at an appropriate pace.

All shippers would benefit from Transco's continued operation of appropriate validation criteria in order to maintain the confidence required for Demand Estimation, Balancing and End-User Billing activities.

Consequence of not making this change

In absence of this (transitional) arrangement, Transco could apply the criteria within the existing NCVR (Version 1.0). This action would significantly reduce the number of "validated" reads issued to shippers with NDM and more particularly those shippers with DM supply points. The consequences of such an action could detrimentally affect both I&C and Domestic shippers.

Area of Network Code Concerned

M1.5.3
Transitional Document Part II

Paragraph 8.10.1. delete and insert new paragraph 8.10.1 as follows

"8.10.1 M1.5.3 Until [29 September 2000] (but not thereafter) the Network Code Validation Rules shall be treated, for the purposes of securing that they may be modified only by way of a Code Modification, as forming part of the Code".

With effect from the implementation date, the Network Code Validation Rules applicable for Code purposes will be those comprised in the Network Code Validation Rules dated September 2000, Version 2.0 a copy of which is attached herewith

Note : The only proposed change between version 1.0 and Version 2.0, is the amended Table 3 (Corrector Tolerance Limits) on page 9 of the attached document.

Proposer's Representative

Robert Cameron-Higgs (Transco)

Proposer

Tim M Davis (Transco)

Signature

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