

Draft Modification Report
"Amendment to the Must Read requirements for Supply Points
re-classified as Monthly Read"
Modification Reference Number 0463
Version 2.0

This Draft Modification Report is made pursuant to Rule 7.3 of the Modification Rules and follows the format required under Rule 8.9.3.

1. The Modification Proposal

To revise the “must read requirement” specifically for meters where the Read Frequency has been revised from “non-Monthly Read” to “Monthly Read” and therefore allow shippers a reasonable time to submit a first meter reading under the new read frequency, and avoid incurring the unnecessary cost of a 'must read charge' from Transco.

2. Transco’s Opinion

Transco believes this Modification Proposal is unnecessary and may not be helpful to Users in general. The Network Code (M3.1.7(b)) establishes the conditions where the Meter Reading Frequency of a Non-Daily Read Supply Meter should be Monthly Read. Section (M3.4.1(i)) specifies that a User should provide a Meter Reading to Transco not less frequently than once every four calendar months and that 90% of a Users monthly portfolio should be read each month. If this does not occur Transco has an obligation (M3.6) to procure a Valid Meter Reading. This is informally known as the 'must read' requirement. It is current practice that in the circumstances where the Meter Reading frequency has changed (by User election (M3.1.7(b)(ii))) from Annual to Monthly Read, the 'must read' requirement is initiated within the first month if the Meter has not been read within the preceding four months.

This Modification Proposal suggests that the 'must read' requirement for Monthly Read Meters should be calculated from the point at which the Supply Meter changed read frequency and therefore the User should have four months from the point of such change in which to procure a Valid Meter Reading (regardless of when the meter was last read).

Transco believes that the present arrangements provide Users with adequate notice of Transco's intention to obtain a 'must read' and they are, therefore, able to procure their own cyclic reads, which would avoid Transco taking action. In practice a list of relevant Meter Point Reference ('M') numbers is given to Users twenty business days in advance of the prospective 'must read' date. It may then take a further two to three days for Transco's chosen Meter Reading Agency (MRA) to procure a read. Transco believes that this allows Users with in excess of a month in which to obtain a Valid Meter Reading for a Supply Meter which may not have been read in the previous twenty three months.

The proposer argues that Users should be provided with reasonable time to obtain Valid Meter Readings following a change of Meter Reading Frequency (MRF). It further states that a change of read frequency may occur at any time throughout the year by User election or as an outcome of the Annual Quantity (AQ) review. The proposer, notes however, that AQ revisions are concentrated around the annual review process which takes effect on 1 October of each year.

Transco's view is that while AQ revisions are effective from 1 October of each year, the process is not concentrated exclusively around this date. The AQ review process extends over a period of four and a half months, in which time a User can seek to amend or appeal AQs. Users are only required to change MRF as a result of the AQ review where the metered consumption for a Supply Meter Point moves above the Monthly Read threshold. Transco believes, therefore, that a User should have been aware in advance of the AQ annual review effective date, (1st October) and could be changing the MRF on an ongoing basis.

For the purposes of clarity, the proposal suggests that Users need time to react to an MRF change which occurs because of an AQ review. Transco would emphasise that Users are notified in June of each year of an AQ change that will occur in October. However, a simple change of AQ does not initiate an MRF change, this is made solely by User election. Users therefore have four and a half months notice of an AQ change before making an election to change the MRF.

Transco believes that it is in the interests of Users to obtain a Valid Meter Reading for a Supply Meter at the earliest opportunity, consistent with Network Code obligations. It is not clear to Transco how this Proposal which would allow Users to wait for four months prior to procuring a Valid Meter Reading would benefit Users as a whole.

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

The Proposer has not made clear how this Modification Proposal better facilitates the 'relevant objectives'.

**4. The implications for Transco of implementing the Modification Proposal , including
a) implications for the operation of the System:**

Transco does not believe that there would be any such implications.

b) development and capital cost and operating cost implications:

Minor administrative costs would be incurred by Transco.

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:

Transcos costs would be treated as normal operating costs.

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

Transco does not believe that there would be any such consequences.

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

Transco does not believe that there would be any such consequences.

6. The development implications and other implications for computer systems of Transco and related computer systems of Users

Transco is not aware of any such implications

7. The implications of implementing the Modification Proposal for Users

It is likely that amendments to Users internal processes and procedures would be required.

8. The implications of implementing the Modification Proposal for Terminal Operators, Consumers, Connected System Operators, Suppliers, producers and, any Non-Network Code Party

Transco is not aware of any such implications.

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

Transco is not aware of any such consequences.

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

Advantages:

Upon change of a read frequency to Monthly Read, Users would have a longer period to procure a Valid Meter Reading.

Disadvantages:

Would allow up to three additional months in which a newly designated Monthly Read Supply Meter remains unreconciled to the detriment of the RbD community.

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

Representations are now sought.

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) or the statement furnished by Transco under Standard Condition 3(1) of the Licence

Implementation of this Proposal is not required to facilitate any such change.

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

No programme of works would be required to implement this Modification Proposal.

15. Proposed implementation timetable (including timetable for any necessary information systems changes)

In view of Transco's recommendation, no implementation timetable is proposed.

16. Recommendation concerning the implementation of the Modification Proposal

Transco does not believe this Proposal would benefit Users in general and therefore cannot recommend implementation at this stage.

17. Transco's Proposal

17. Text

18. Text

Transco does not support implementation of this Modification Proposal and, therefore, no legal text is provided.

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:

Tim Davis
Manager, Network Code

Date: