

Draft Modification Report
Meter Reading Unbundling - Non Daily Read Meters
Modification Reference Number 0470
Version 1.0

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

Modification of the Network Code is required to remove references to Transco in its PGT role as being a 'Meter Reader' and to incorporate the following additional recommendations of the SPA/Metering sub-group:

- To amend the provisions contained within M3.1.6 so that validated Customer Reads can be used as Valid Meter Readings in all cases, and,
- To remove the current monthly portfolio constraint on Meter Reads for Annual Read Meters submitted to Transco.

2. Transco's Opinion

This Modification Proposal has been raised by Transco to ensure that the Network Code reflects a fully competitive environment for non daily metered (NDM) Meter Reading. Transco's opinion is that in addition to these changes it is appropriate to take the opportunity to introduce further enhancements to the existing Network Code provisions which would be of industry benefit.

The topic was first discussed in the SPA/Metering Workstream on 23 March 2000 following which a dedicated sub-group was established. The sub-group met on five occasions and concluded with the production of a sub-group report. At the November 2000 SPA/Metering Workstream meeting Transco gave a presentation detailing the recommendations of the sub-group.

Discussions within the NDM Meter Reading Unbundling sub-group focused on relevant provisions of Principal Document Section M pertinent to NDM meter reading. A primary objective identified by the sub-group was that any future Network Code modification should take account of the legitimate requirements of Transco in its PGT role being provided with information in the most appropriate and timely way, without precluding other developments which would be of industry benefit.

The sub-group established that Section M in general would need to be modified to remove references to Transco as a meter reader given that Transco (PGT's) role in obtaining Meter

Reads is greatly diminished by unbundling. The sub-group further considered each relevant provision of Section M to identify where enhancement may be of industry benefit. The sub-group made the following recommendations which are incorporated within this Modification Proposal:

- **That references to Transco as a ‘meter reader’ be removed from the Network Code.**

Five paragraphs containing such references are proposed for removal.

- **That validated Customer Reads may be used as Valid Meter Reads in all cases.**

The current Network Code provisions state that a Customer Read will only be accepted as a Valid Meter Read if a Meter Read (procured by a meter reader) has been obtained, for a Monthly Read Meter in the preceeding three, and in the case of an Annual Read Meter, in the preceeding twenty-three calendar months.

Sub-group members determined that given that the procurement of meter reads was a mature activity, the industry would benefit from changing this provision to permit Customer Reads to be used as Valid Reads in all cases. It was established that this could help shippers meet their cyclic Meter Reading obligations and lessen the likelihood of a 'must read' situation arising.

- **To remove the current Network Code provision which constrains the number of meter reads as a proportion of its total portfolio that a shipper may submit to Transco each month.**

Sub-group members determined that as Annual Read Meters are subject to Reconciliation by Difference (RbD) it was appropriate that the above constraint be removed given that the original purpose of this provision was to avoid 'wide swings' in individual meter point reconciliation.

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

Transco believes that this Modification Proposal ensures that the Network Code would be compliant with the unbundled NDM Meter Reading regime and is therefore consistent with its PGT Licence 'relevant objective' of securing effective competition between relevant shippers and between relevant suppliers.

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

None identified.

b) development and capital cost and operating cost implications:

Transco has not identified any capital or cost implications. Development costs will be incurred through the removal of direct system interfaces between Transco (Meter Reading) and Transco (PGT).

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:

The costs of implementing this proposal would be treated as ordinary business costs.

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

None identified.

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 such impacts have been identified.

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

Transco and User's computer systems would require enhancement. Transco is required to disengage the interface between its UK-Link and meter reading systems. Users which are presently 'bundled' are likely to need to undertake systems development through the adoption of existing file formats and the development of mechanisms for communicating meter reads to Transco (PGT).

7. The implications of implementing the Modification Proposal for Users

Implementation of this Modification Proposal would be likely to result in a reduction of costs and risk for Users in the following areas.

A reduction in meter reading costs by permitting Customer Reads to be used as Valid Meter Reads in all cases. This potentially gives Users more flexibility in managing the procurement of meter reads.

The removal of the current monthly portfolio constraint on meter reads submitted to Transco would provide Users with more flexibility in planning the procurement of such reads.

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

None identified.

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

None identified.

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

Advantages

Reflects the unbundling of NDM meter reading activities.

Introduces efficiencies and flexibility by permitting Customer Reads to be used as Valid Meter Reads in all cases.

Introduces flexibility by removing the current monthly portfolio constraint for the submission of meter reads to Transco.

Disadvantages

No disadvantages have been identified.

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

The introduction of competition in NDM Meter Reading requires the removal of system interfaces between Transco (Meter Reading) and Transco (PGT). This will ensure that all NDM Meter Readings are communicated to Transco by Users in accordance with the Network Code.

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

Systems development work is due to be completed by 1 August 2001 following which it is recommended that this Modification Proposal be implemented.

16. Recommendation concerning the implementation of the Modification Proposal

Transco recommends that this Modification Proposal be implemented.

17. Text

Section E

Paragraph 8

Paragraph 8.1.1 Delete ", or where Transco otherwise secured meter readings.":

Section M

Paragraph 2.3

Paragraph 2.3(ii) delete "(other than Transco where it is engaged as Meter Reader)"

Paragraph 3

Paragraph 3.1.4(d) delete:

"(except where Transco is appointed as Meter Reader)"

Paragraph 3.1.6 Amend to read:

"A Customer Read obtained in any calendar month will (subject to the requirements of paragraph 3.1.4) be a Valid Meter Reading."

Paragraph 3.2.2 – delete:

"Where Transco is not to be the Meter Reader" so text reads:

"In respect of a Supply Meter Point . . . before the Proposed Supply Point Registration Date."

Paragraph 3.3.1 delete:

"(but where Transco is appointed as Meter Reader this requirement shall be deemed to be satisfied in respect of any Meter Reading obtained by Transco as Meter Reader)"

Paragraph 3.5.3 delete text and replace with "Not used."

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: