

Direct Dial: 0171-901-7174

20 August 2001

BG Transco, Shippers and Other Interested Parties

Your Ref:
Our Ref.: COM/MET/MTR/115

Dear Colleague,

Modification Proposal 0470: Meter Reading Unbundling – Non Daily Read Meters

Ofgem has considered the issues raised in modification proposal 0470: ‘Meter Reading Unbundling – Non Daily Meters’. Ofgem has decided to direct BG Transco to implement the modification, because we believe that the proposal will better facilitate the achievement of the relevant objectives of Transco’s Network Code. The modification will be implemented as soon as possible.

In this letter, we explain the background to the modification proposal and give our reasons for making our decision.

Background to the proposal

Transco previously provided a Non Daily Meter (NDM) reading service as part of its transportation business. In order to facilitate the development of competition in the provision of NDM readings, Transco separated its meter reading activities from its transportation activities.

At present, Network Code makes reference to Transco as a meter reader. However, Transco’s meter reading activities are now contained in the separate Incentive Based Contract, which sits outside of Network Code. As Network Code comprises technical rules, enabling implementation of transportation arrangements, it should not distinguish between meter reading companies and should no longer make reference to Transco as a meter reader.

Transco raised this modification proposal to ensure that Network Code is consistent with a separate meter reading “business”. Transco also determined that this modification could be used as an opportunity to introduce additional “enhancements” to Code.

Proposal

The proposal contains three key changes to Network Code, which are intended to meet the requirements of a fully separated NDM Meter Reading regime and to incorporate minor additional revisions. These are as follows:

- to remove references to Transco as a meter reader as appropriate, so that Transco’s meter reading service will not be regarded differently to any other meter reading business under Network Code;
- to amend the definition of valid meter readings to remove the distinction between customer and shipper/supplier meter readings, achieving consistency

with the facility for consumers to make their own meter reading arrangements following Meter Liberalisation Date of 01 January 2001; and

- to remove the current monthly portfolio constraint on meter readings for Annual Read Meters submitted to Transco PGT.

Respondents' views

Five shippers responded to the modification proposal. All of these respondents were in support of the proposal and did not raise any queries or concerns.

A commonly expressed view was that this would facilitate the meter reading unbundling process for Non-Daily Read Meters, toward a competitive arrangement. It was also expressed that the additional revisions would improve industry processes.

Ofgem's view

Ofgem agrees that in order to reflect the separation of Transco's NDM reading activities, references to Transco PGT as a meter reader should be removed from Network Code.

Ofgem also notes that amending the definition of valid meter readings would achieve consistency with consumers' ability to make their own meter reading arrangements, following the Metering Liberalisation Date. We would agree that this proposal, and removal of monthly portfolio constraints, could assist economic and efficient operation of Transco's system by increasing the range and quantity of consumption information shippers may chose to submit to Transco.

Ofgem's decision

Ofgem believes that this modification will facilitate the meter reading unbundling process for Non-Daily Read Meters and assist development of competition, whilst improving industry processes. In line with the above, Ofgem has decided to direct Transco to implement this modification.

If you have any queries in relation to the issues raised in this letter, please feel free to contact me on the above number.

Yours sincerely,

Bryony Sheldon
Metering Policy Manager