Draft Modification Report
Acceptance by Gas Transporter of valid estimated domestic prepayment reads at change of Supplier, based on existing previous prepayment meter reads
Modification Reference Number 0689

Version 1.0

This Draft Modification Report is made pursuant to Rule 8.9 of the Modification Rules and follows the format required under Rule 8.9.3.

1. The Modification Proposal

To allow an estimated opening meter read calculated using meter reads provided via domestic prepayment gas card during the period immediately before the change of Supplier event to be considered a valid read by the Gas Transporter.

2. Transco's Opinion

Transco is supportive of innovative solutions which would facilitate adherence to relevant Network Code provisions, in this case to the Opening Read requirement. It is therefore Transco's opinion that this Modification Proposal should be implemented.

Currently, in respect of Non-Daily Metered (NDM) Supply Points, upon Supply Point Confirmation, the Proposing User is required to submit an 'Opening Meter Reading' to Transco no later than 16:00 hours on the seventh Business Day after the Supply Point Registration Date. This reading must be obtained for a Meter Read Date within the required date range which is presently a period of five Business Days commencing two Business Days before the Supply Point Registration Date. Subsequent to the implementation of Modification 0602 '*Amendment to the required date range for opening meter reads*', (expected quarter 4, 2004), this date range will be extended to the period of eleven Business Days commencing five Business Days prior to the Supply Point Registration Date.

At present, a Meter Reading obtained from a NDM Supply Meter must be procured via a Meter Reader or via the Customer and be a reading of the meter index. Following implementation of Modification 0690 '*Acceptance by the Gas Transporter of domestic prepayment meter reads obtained remotely at change of Supplier and within the meter read window as Valid Reads*' on 24 August 2004, this list was extended to allow the use of readings obtained from gas cards used to operate 'domestic' prepayment meters. Such reads are passed electronically to an infrastructure service provider who in turn, forwards these to the appropriate supplier/shipper for onward transmission to Transco.

Should a User fail to provide an Opening Meter Reading to Transco by the appropriate deadline, Transco will generate and provide a notional meter reading.

This Modification Proposal advocates an extension of the current permissible source for Opening Meter Readings to include notional reads extrapolated from readings gathered from gas cards used to operate 'domestic' prepayment meters. The proposer has confirmed that the extrapolation would utilise a minimum of two and a maximum of five 'gas card reads' taken within the six month period prior to the notional read date. The extrapolation methodology would also be subject to a seasonal adjustment mechanism. Following discussion within the Supply Point and Billing Workstream, should the Proposal be implemented, it was identified that the extrapolation methodology (including the seasonal adjustment mechanism) should be documented within the 'Network Code Validation Rules' (pursuant to section M1.5.3 of Network Code).

As with Opening Meter Readings obtained from gas cards for a date within the required date range (as introduced by Modification 0690), the notional reads advocated within this Proposal would be forwarded to the appropriate supplier/shipper for onward transmission to Transco as a User provided Opening Meter Reading.

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

The procurement of notional Meter Readings extrapolated from pre-payment meter readings for supplier transfer purposes represents an innovative measure within the gas market. Where notional readings are extrapolated using a comprehensive data set taken from a period close to the extrapolation date, Transco acknowledges that this is likely to produce a notional read which is close to the actual meter reading as at the notional read date.

The provision of accurate notional Meter Readings to Transco is of benefit to the customer transfer process and facilitates User compliance with Section M3.8.2 of Network Code. This Modification Proposal is therefore consistent with Transco's GT Licence 'code relevant objective' of facilitating the securing of effective competition between relevant shippers and relevant suppliers.

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

a) implications for the operation of the System:

No implications for the operation of the system have been identified.

b) development and capital cost and operating cost implications:

Transco would incur costs in amending its UK-Link system. The cost is currently anticipated to be £10,000 +/- 50%.

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 propose any additional cost recovery.

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

No such consequences have been 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

Implementation of this Modification Proposal would not increase the level of Transco's contractual risk.

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

Transco would need to make limited changes to its UK-Link system to enable notional reads procured in the manner described within this Modification Proposal to be 'flagged' as such on Transco's Sites & Meters database. Users would also need to make changes to their systems although the extent of these is not known.

7. The implications of implementing the Modification Proposal for Users

Users wishing to take advantage of the measures permitted by this Modification Proposal would need to make changes to relevant systems and processes. The proposed measure would facilitate compliance by Users with section M3.8.2 of the Network Code.

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

No such implications have been 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

No such consequences have been identified.

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

Advantages:

- Promotes the utilisation of an innovative and cost saving measure for generating notional Opening Meter Readings.

- Enables Transco to receive and record notional Opening Meter Readings procured by Users which are extrapolated from prepayment meter readings.
- Increases the likelihood of meter readings being issued by Users pursuant to Section M3.8.2 of Network Code and thereby potentially reduces the need for reliance on an estimated 'transfer' Meter Reading being calculated and provided by Transco.
- Increases the likelihood of Opening Meter Readings being provided by Users and potentially reduces the requirement for the Agreed Opening Meter Reading process to be invoked.

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 in respect of this Modification Proposal.

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

Implementation is not required to facilitate such compliance.

13. The extent to which the implementation is required having regard to any proposed change in the methodology established under Standard Condition 4(5) or the statement furnished by Transco under Standard Condition 4(1) of the Licence

This Modification Proposal is not required to facilitate any such change.

14. Programme of works required as a consequence of implementing the ModificationProposal

Users have indicated a wish for notional readings extrapolated from gas card readings to be 'flagged' as such on Transco's Sites & Meters database. To meet this aspiration, systems development works would be required. However, this Modification Proposal could be implemented immediately provided Users were aware that such reads would not be identifiable as such on Transco systems prior to the systems enhancement.

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

Transco has been asked by the Supply Point & Billing Workstream to amend its UK-Link system. This would enable prepayment reads procured in the manner described within this Modification Proposal to be 'flagged' as such on Transco's

Sites & Meters database. Notwithstanding the system enhancement, Transco proposes 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

Draft Legal Text

Section M

Paragraph 1.4

Amend paragraph 1.4.3(b) to read:

"(b) a Meter Read is the obtaining (by appropriate means, including, in the case of a Calculated Gas Card Reading, by calculation) of a Meter Reading and in the case of a Non Daily Read Supply Meter the further details required."

Amend paragraph 1.4.3(f) to read:

"(f) **"Gas Card Reading"** is a Meter Reading provided by the User in respect of a Supply Meter obtained by means of a Gas Card;"

Add new paragraph 1.4.3(h) to read:

"(h) **"Calculated Gas Card Reading"** is a Meter Reading which has been derived by the use of not less than two Gas Card Readings which have been provided in compliance with the estimation methodology contained in the Network Code Validation Rules."

Paragraph 3.1.4

Amend paragraph 3.1.4(f) to read:

"(f) in the case of an Opening Meter Reading obtained and provided in accordance with M3.8.2, the Meter Reading ~~has been obtained by~~ is a Gas Card Reading or a Calculated Gas Card Reading.."

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:

Jeremy Bending
Director - Distribution Network Strategy

Support Services

Date:

Modification Proposal 0689 - Acceptance by Gas Transporter of valid estimated domestic prepayment reads at change of Supplier, based on existing previous prepayment meter reads'

Material to be added to the 'Network Code Validation Rules' (M1.5.3)

The following refers to the calculation of a **Calculated Gas Card Reading** which (subject to compliance with section M3.8) can be used as an 'Opening Meter Reading' upon Supply Point Transfer.

Formula

The Calculated Gas Card Reading shall be calculated in the same units as the Gas Card Reading from the Gas Card and will be calculated using the following formula:

$$(((c - b) / (b - a)) * (y - x)) + y$$

where:

a is the Accumulative Daily Value for first date in the Applicable Sequence.
b is the Accumulative Daily Value for last date in the Applicable Sequence.
c is the Accumulative Daily Value for the Supply Point Registration Date.
x is the First Reading in the Applicable Sequence.
y is the Last Reading in the Applicable Sequence.

No Calculated Gas Card Reading shall not be calculated where **a** = **b** or where **x = y**.

For Metric calculation (M3) the Calculated Gas Card Reading reading shall be in the Range 00000.10 to 99999.90.
[Note: The least significant digit is always zero].

For Imperial calculation (Cubic Feet) the Calculated Gas Card Reading reading shall be in the Range 0000.01 to 9999.99.

The First Reading and Last Reading must be taken from a date within the six month period prior to the Supply Point Registration Date.

Definitions

Accumulative Daily Value
The value used to provide a seasonal adjustment factor within the formula. Values for the relevant date within the 'Applicable Sequence' are determined using the table in Appendix 1.

Applicable Sequence
The sequence of actual Gas Card Readings readings used to generate the Calculated Gas Card Reading reading (by execution of the formula).

Calculated Gas Card Reading
As defined in Network Code Section M1.4.3(h).

Gas Card Reading
As defined in Network Code Section M1.4.3(f).

First Reading
The first of the actual Gas Card Readings taken within the six month period prior to the Supply Point Registration Date.

Last Reading
The last of the second, third, fourth or fifth actual Gas Card Readings taken prior to the Supply Point Registration Date within the six month period prior to the Supply Point Registration Date.

Supply Point Registration Date
As defined in Network Code G1.1.5.

Appendix 1

The following table is used to determine the 'Accumulative Daily Value' for application within the formula

Month	**Date**	**Seasonal Factor**	**Seasonal Factor / 100**	Accumulative Daily Value
January	01/01/04	13.80	0.138	0.138 = 0.138 + 0
	02/01/04		0.138	0.276 = 0.138 + 0.138
	03/01/04		0.138	0.414 = 0.276 + 0.138
			"	"
February	01/02/04	13.60	0.136	4.414 = 4.278 + 0.136
	02/02/04		0.136	4.55 = 4.414 + 0.136
	03/02/04		0.136	4.686 = 4.55 + 0.136
			"	"
March	01/03/04	12.20	0.122	8.344 = 8.222 + 0.122
	02/03/04		0.122	8.466 = 8.344 + 0.122
	03/03/04		0.122	8.588 = 8.466 + 0.122
			"	"
April	01/04/04	09.80	0.098	12.102
May	01/05/04	07.10	0.071	15.015
June	01/06/04	04.20	0.042	17.187
July	01/07/04	02.40	0.024	18.429
August	01/08/04	02.40	0.024	19.173
September	01/09/04	04.20	0.042	19.935
October	01/10/04	07.30	0.073	21.226
November	01/11/04	10.30	0.103	23.519
December	01/12/04	12.70	0.127	26.633
January	01/01/05	13.80	0.138	30.581
January	01/01/06	13.80	0.138	60.888
January	01/01/07	13.80	0.138	91.195
January	01/01/08	13.80	0.138	121.502
January	01/01/09	13.80	0.138	151.945
January	01/01/10	13.80	0.138	182.252
January	01/01/11	13.80	0.138	212.559
January	01/01/12	13.80	0.138	242.866
January	01/01/13	13.80	0.138	273.309
January	01/01/14	13.80	0.138	303.616
January	01/01/15	13.80	0.138	333.923
January	01/01/16	13.80	0.138	364.230
January	01/01/17	13.80	0.138	394.673
January	01/01/18	13.80	0.138	424.980
January	01/01/19	13.80	0.138	455.287
January	01/01/20	13.80	0.138	485.594
January	01/01/21	13.80	0.138	516.037
January	01/01/22	13.80	0.138	546.344
January	01/01/23	13.80	0.138	576.651
January	01/01/24	13.80	0.138	606.958