Draft Modification Report
Revision of the NDM 'More Frequent Reading' Provisions
Modification Reference Number 0693

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 and UK-Link Manual IS Service Definition is required to amend relevant provisions as follows:

- To change Principal Document Section M3.7.2 'More frequent readings' to reflect that Users are required to adhere to the following rules concerning the submission of 'more frequent' Non-Daily Metered ('NDM') 'cyclic' Meter Readings:
  - in the case of a Monthly Read Meter, no more than one meter reading may be submitted within a one calender week period.
  - in the case of an Annual Read Meter, no more than one meter reading may be submitted within a two calender week period.
  - in the case of an Annual Read Meter, contained within a Smaller Supply Point, no more than one meter reading may be submitted within a nine calender week period.

  In circumstances where the above provisions are breached (based on read date), Transco would reject the latest Meter Reading.

- To update the IS Service Definition of the UK-Link Manual to reflect a peak daily transaction rate for the receipt of Meter Reads by Transco of 400,000 and to remove the statement 'UK-Link has been developed to either process 44,000 meter reads or generate 66,000 Opening Read Requests'.

2. Transco's Opinion

It is Transco's opinion that this Modification Proposal should be implemented.

BP Gas Marketing has raised Modification Proposal 0683 *'Acceptance by the Gas Transported of Reads obtained remotely as Valid Reads'*. This seeks to require Transco to accept Meter Readings procured by 'remote reading equipment' as being Valid Meter Readings.

Transco supports that initiative (Modification Proposal 0683) which is consistent with the development of innovative meter reading solutions within the gas market. Transco believes that given the likelihood of implementation of Modification Proposal 0683, it is also timely to revisit the provisions of M3.7 and ensure these more accurately reflect the requirements of Transco and Users.

Transco's opinion is that it is necessary to ensure that Transco is not furnished with undue quantities of NDM Meter Readings given the need to protect:

1. the peak daily capacity of Transco's UK-Link system in respect of the receipt of User provided reads; and
2. the integrity of 'downstream' Network Code activities and in particular Individual NDM Reconciliation.

Transco is concerned that the provisions of Section M3.7 'More frequent readings' do not adequately establish the rights of Transco and Users regarding the submission of 'cyclic' Meter Readings. Specifically, the Network Code states that Transco "will not be required to accept" more frequent 'cyclic' meter readings should they be received by Transco more frequently than the established read periods. At present, Transco does not reject reads received more frequently than than the intervals described within Section M3.7 as the aggregate number of such reads consistently falls short of UK-Link capacity. However, with the introduction of low cost, innovative meter reading methods there is the potential for read volumes to increase significantly.

Transco's opinion is that measures are therefore necessary to improve the 'More frequent reading' provisions contained within the Network Code. In association with this, Transco also proposes to introduce appropriate UK-Link systems functionality.

Transco has identified two specific proposals for change.

1. to increase significantly the frequency at which Meter Readings may be provided to Transco. This would be commensurate with the peak daily capacity of its UK-Link system. This provides greater flexibility for Users on how frequently they may wish to furnish Transco with read data.
2. to clarify that Transco would reject reads provided to it in excess of the established constraints.

The advantages of the above solution is that Users would have absolute clarity with regard to the circumstances under which Transco would not accept 'cyclic' Meter Readings, but would have the opportunity to increase the frequency of Meter Readings they provide to Transco.

As a consequence of implementation of this Modification Proposal, it is also proposed that the IS Service Definition within the UK-Link Manual be updated to reflect the projected peak day read capacity of Transco's UK-Link system.

Of principal concern to Transco is the longer term unpredictability of how many Supply Meter Points may ultimately have 'remote read' equipment installed. While Transco believes that the regime proposed by Modification Proposal 0683 and this Proposal is sustainable, if significantly large numbers of automated meter reading equipment were installed, particularly within the Larger Supply Point market and read volume increased to unsustainable levels, Transco would seek a further review of the provisions within Section M3.7 in conjunction with consideration of the capacity of its UK-Link system.

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

This Modification Proposal is complementary to Modification Proposal 0683 raised by BP Gas Marketing on 8 April 2004. Its purpose is to further develop the provisions of Section M3.7 'More frequent readings' to establish clearly the circumstances in which Transco would accept more frequent NDM 'cyclic' Meter Readings from Users than those quantities established within Sections M3.4 and M3.5. Changes are also proposed to the IS Service Definition within the UK-Link Manual to ensure that the current capacity of Transco's UK-Link system with respect to the receipt of Meter Readings from Users is reflected. These measures are consistent with Transco's GT Licence 'code relevant objective' of facilitating the efficient and economic operation by the licensee of its pipe-line system.

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:

It is anticipated that medium level costs would be incurred as a consequence of implementing this Modification Proposal.

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

Changes to Transco's UK-Link system are required to support implementation of the rejection functionality aspect of this Modification Proposal. Transco is not aware of the extent of changes to Users systems.

7. The implications of implementing the Modification Proposal for Users

Users would need to ensure adherence to the provisions described within this Modification Proposal. Failure to do so could result in read submission rejections in the event that a User exceeded the minimum read submission frequencies.

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:

- Significantly increases the maximum frequency at which 'cyclic' Meter Readings may be provided to Transco
- Creates clear rules governing the circumstances under which Transco would accept 'cyclic' meter readings.

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

Implementation of this Modification Proposal is not required to enable Transco to facilitate compliance with safety or other legislation.

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

Transco would be required to implement new functionality to its UK-Link system to enable read rejection in the circumstances described within this Modification Proposal.

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

Transco is not currently able to provide an indicative implementation date for the supporting systems functionality described above.

16. Recommendation concerning the implementation of the Modification Proposal

Transco believes that this Modification Proposal should be implemented.

17. Text

Legal Text

Section G

Paragraph 2.3.2 (f) (ii)

Delete and replace with:

"2.3.2(f)(ii) where the Annual Quantity of the NDM Supply Point Component is less than 293,000 kWh (*10,000 therms*) but in excess of 73,200 kWh (*2,500 therms*), whether the relevant Supply Meters are proposed to be a Monthly Read Meter.**"**

Section M

Paragraph 3.1.7

Add new paragraph (f) to read:

"(f) a "Larger Annual Read Meter" is an Annual Read Meter where it is installed at a Supply Meter Point comprised in a Supply Point Component whose Annual Quantity is greater than 73,200kWh (*2500 therms*);"

Add new paragraph (g) to read:

"(g) a "Smaller Annual Read Meter" is an Annual Read Meter where it is installed at a Supply Meter Point comprised in a Supply Point Component whose Annual Quantity is not greater than 73,200kWh (*2500 therms*);"

Paragraph 3.7.2

Delete paragraph 3.7.2 and replace with the following text:

"3.7.2 Where more than one Meter Reading (other than one required under paragraph 3.8 or paragraph 3.9) is received by Transco:

(a) in the case of a Monthly Read Meter, in any 7 Day period;

(b) in the case of a Larger Annual Read Meter, in any 14 Day period;

(c) in the case of a Smaller Annual Read Meter, in any 63 Day period;

Transco will in each case reject any such Meter Reading received in such period other than the first. "

UK Link Manual

Service Definition

Appendix 1

Delete the text:

"UK-Link has been developed to either process 44,000 meter reads or generate 66,000 Opening Read Requests"

and replace with :

"UK-Link is capable of receiving on a peak daily basis 400,000 meter reads."

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:

Peter Rayson
Commercial Manager - Customer Support Services

Date: