

## Representation

### Draft Modification Report

#### **0424: Re-establishment of Supply Meter Points – prospective measures to address shipperless sites**

**Consultation close out date:** 02 November 2012  
**Respond to:** enquiries@gasgovernance.co.uk  
**Organisation:** SSE  
**Representative:** Anne Jackson  
**Date of Representation:** 2 November 2012

#### **Do you support or oppose implementation?**

Not in Support

#### **Please summarise (in one paragraph) the key reason(s) for your support/opposition.**

The target population for this modification is the mprns on which meters are incorrectly reported as disconnected, when there has been no disconnection and the shipper then withdraws from the supply point. The solution corrects the charging to the transporter and reimburses them for abortive visits, which as an intent is sound.

However the modification has other unintended consequences which impact other markets, such as metering provision. So the modification is not supported whilst it continues to deliver these unintended consequences.

#### **Are there any new or additional issues that you believe should be recorded in the Modification Report?**

A consequence of this modification is that suppliers are likely to remove all meters from site to reduce risk. All the costs of this action, along with the cost of a replacement meter (if required by the customer in the future) will be passed through to the customer. Customers wish to retain their supply (on a short term basis for a number of reasons) without incurring any charges. This will then have a consequential impact on the metering installation and provision market.

Where a supplier leaves a meter on site (perhaps because the meter is very costly to remove or the removal process would destroy the meter), the customer may choose and should be able to choose another supplier when they wish to restore the supply. Under this modification, if a live meter is identified by the transporter prior to the new supplier registering and updating systems, a complex situation will occur where the customer wishes to do business with one supplier while another is registered to the site. While the legal circumstances will be clear, the customer will not be and the reputation of the energy sector could be eroded further. Customers and suppliers should be able to fit meters legally (by completing connection and disconnection notifications) without incurring retrospective charges for periods when it was not possible to off take gas.

Following the implementation of this modification, if a consumer reconnects a meter that is on site they will invoke a deemed relationship with a supplier. However if the consumer tries to identify the supplier associated with the site before taking this action, the transporter will indicate that no such relationship exists in line with the supply point register.

Once a meter is disconnected and the supply point withdrawn, suppliers have no rights to attend site to see if a meter that may have been left on site has been reconnected. So suppliers are unable to mitigate the risk of a meter being reconnected. The supplier must wait until the transporter visits the site to learn of the situation. This could disincentivise transporters in making these visits promptly and within a year as required, as a meter reconnected by a consumer deliberately without a supplier will no longer be theft in conveyance and there will be no financial consequence to the transporter.

Additionally it is not clear about whether other (supply) obligations are retrospectively applied, when the deemed relationship is re-established retrospectively, for example meter inspections. The retrospection is based on the premise that the meter has been in situ continuously.

The modification is not an elegant solution and should be refined to ensure it specifically targets the problem area identified and only that area. No customers should have specific charges applied to remove or destroy assets because other consumers act illegally. Live gas pipes without meters should all be monitored by transporters who have the legal powers to do so.

### **Relevant Objectives:**

*How would implementation of this modification impact the relevant objectives?*

The implementation of the modifications will reduce the number of shipperless sites and therefore reduce the level of gas allocated through Reconciliation by Difference. This will facilitate relevant objectives A11.1 (d) and (f).

However the sites may be allocated unfairly to shippers, who are unable to control the actions of consumers (customers or new tenants) and un-associated suppliers in respect of disconnected consumer owned or other meters left on site. This could distort competition between shippers and suppliers.

### **Impacts and Costs:**

*What analysis, development and ongoing costs would you face if this modification were implemented?*

Meters which are considered to be portable are removed from a site at the time of disconnection and if the consumer wishes to resume their supply a new meter can be connected easily. However some large I & C bespoke meters are left on site as once removed they have no intrinsic value except for scrap, as they cannot be reused at another premise. They continue to have a value only if they remain at the premise for which they were designed and would be suitable for use if gas was ever reinstated.

In order to mitigate the risk to the supplier of such a meter being reinstated by the consumer, the meter will have to be removed from site and scrapped. This could be detrimental to the customer and will be at the customer's expense. If the customer wishes to reinstate the supply at some point in the future, a new meter will have to be commissioned for a second time, again at the customer's expense.

Supply contracts are likely to be amended to reduce the risk of incurring charges and the risk will therefore be passed through to the customer.

### **Implementation:**

*What lead-time would you wish to see prior to this modification being implemented, and why?*

The mod could be implemented with 15 months notice so that supply contracts can be amended at contract renewal (I & C) to reduce the risk to the business and pass the risk to consumers.

The legal drafting indicates that if the targeted scenario is discovered after 1 January 2013 then charges will occur. If this scenario is discovered in January 2013 the disconnection and withdrawal are likely to have been notified a year ago and it would not be possible for shippers and suppliers to mitigate the risks in these instances.

**Legal Text:**

*Are you satisfied that the legal text [and the proposed ACS (see [www.gasgovernance.co.uk/proposedACS](http://www.gasgovernance.co.uk/proposedACS))] will deliver the intent of the modification?*

SSE has a concern around the date in the text as mentioned above.

**Is there anything further you wish to be taken into account?**

*Please provide any additional comments, supporting analysis, or other information that that you believe should be taken into account or you wish to emphasise.*