

**CODE MODIFICATION PROPOSAL No. 0029**  
**"Metering Arrangements at Special Metering Supply Points"**  
Version 1.0

**Date:** 10/06/2005

**Proposed Implementation Date:** 12/07/2005

**Urgency:** Urgent

**Proposer's preferred route through modification procedures and if applicable, justification for Urgency**

(see the criteria at [http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/2752\\_Urgency\\_Criteria.pdf](http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/2752_Urgency_Criteria.pdf))

Urgent procedures are sought in view of the requirement for relevant UNC provisions to be in place and effective by 12 July 2005.

**Nature and Purpose of Proposal (including consequence of non implementation)**

Modification of the Uniform Network Code (UNC) is required to provide that relevant drafting be incorporated enabling the provision, installation and maintenance by Relevant Transporters of Supply Meters at any 'Special Metering Supply Point'.

The purpose of this Modification Proposal is to ensure that metering arrangements for 'unique sites' continue to be covered under the UNC. It should be noted that this position does not preclude a consumer from exercising its 'right' to choose which party provides the Supply Meter.

**Basis upon which the Proposer considers that it will better facilitate the achievement of the Relevant Objectives, specified in Standard Special Condition A11.1 & 2 of the Gas Transporters Licence**

Transco's Network Code was modified on a transitional basis with effect from 12 July 2004 to provide that Transco would for 12 months, provide, install and maintain meters at sites having 'special' administrative procedures. Commonly termed as being 'unique sites', these very large offtake Supply Meter Points often have 'complex' shipping arrangements, e.g. sites subjected to 'shared' User ownership.

'Unique sites' are identified within the UNC as being a 'Special Metering Supply Point'.

Members of the Meter Asset/Work Unbundling sub-group of the previous Network Code Supply Point & Billing Workstream have since identified that all 'unique site' metering arrangements (i.e. all provision, installation and maintenance activities currently performed by Relevant Transporters) should be retained within the UNC. This is based on the lack of sufficient cost/benefit and contractual complexities associated with development and implementation of a new 'unbundled' contractual regime outside of the UNC. Ofgem has subsequently granted a

consent under Standard Special Condition A33 of the Gas Transporter's licence to enable the Transporter's metering business to access transportation information so as to be able to provide metering services at 'unique sites' on an ongoing basis.

### Supporting information

'Unique sites' represent approximately 100 of the 22 million metering assets within the UK and are split between direct NTS and LDZ offtakes. The sub-group considered the complexities of these types of configuration and identified that these sites cannot be readily transferred into the existing competitive market structure. A number of areas were considered by the sub-group and are set out below:

- The Gas Act provides, under some circumstances, for sites to be supplied with gas by shippers as distinct from suppliers. Shippers supplying sites under the Gas Act exemption would have no opportunity to enter into a contract for the use of Transco owned meters installed at these sites if the metering arrangements are taken out of Network Code. The Review of Gas Metering Arrangements (RGMA) compliant contracts are only applicable to holders of gas supply licences.
- The RGMA protocols and associated metering contracts are based upon the 'supplier hub' principle and do not consider or support shipper involvement.
- In respect of NTS sites (which are all classed as 'unique sites'), Transco has not provided new meters since 1996 (when to support competition in the provision of new connections, Transco changed its connection policy to providing the minimum offtake – which excludes measurement equipment). Transco does not intend to install new NTS meters in the future. Thus, it could be argued that a competitive market in the provision of new NTS meters already exists. Further, Transco would not materially benefit through future growth opportunities by the retention of these configurations within the UNC.
- Of the NTS meters that were installed by Transco prior to its change of policy in 1996, most were fully funded by the customer as part and parcel of the original 'siteworks' and, as such, these meters only attract an ongoing 'maintenance' charge. Thus, the likelihood of competition in provision of such meters is extremely low, only being economically justified where savings in maintenance charges can fund the considerable costs of replacing the existing meter installation.
- The RGMA baseline does not support 'unique sites' and would, irrespective as to whether a manual or system solution was envisaged, need to be reviewed and revised.
- Certain 'unique sites' are currently managed under 'multi' shipper contracts where the transportation and metering charges are allocated "proportionally" between the parties. This precludes the underlying principle in the RGMA of a one-to-one relationship.

Transco believes that the measures identified within this UNC Modification Proposal further the GT Licence 'code relevant objective' of securing competition between relevant shippers and between relevant suppliers.

**Any further information (Optional), likely impact on systems, processes or procedures, Proposer's view on implementation timescales and suggested text**

This UNC Modification Proposal enables Transporters' metering related businesses to communicate directly with Relevant Transporters for the purposes of facilitating metering arrangements at Special Metering Supply Points. Existing process mechanisms would be retained to enable information to be directly passed to enable meter works at 'Special Metering Supply Points'. No significant process and systems changes would be required as a consequence of implementing this Modification Proposal.

**Code Concerned, sections and paragraphs**

Uniform Network Code Section M

**Proposer's Representative**

Chris Warner (National Grid Transco - UKD)

**Proposer**

Declan McLaughlin (National Grid Transco - UKD)

**Signature**

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