

Modification Report
Management of erroneous Domestic AQs during the Registration process
Modification Reference Number 0099
Version: 2.0

This Modification Report is made pursuant to Rule 9.3.1 of the Modification Rules and follows the format required under Rule 9.4

1. The Modification Proposal

This Modification Proposal is raised to deal with the downgrading of Domestic sites with large erroneous AQs. It is acknowledged that upgrading erroneous low AQs (e.g. a situation where supply meter point is set at 1) is also considered important. This may be addressed separately but it is not the intention of this Modification proposal to consider changes in upgrading erroneous low AQs. This proposal should be considered as a separate and independent Modification Proposal.

Currently, when gaining a site through the Change of Supplier process, the new Supplier inherits the AQ value that was allocated to the MPRN. However, in some cases these AQ values are incorrect by a significant margin due to a number of reasons. This could be a result of a meter exchange gone undetected by the previous Supplier, an incorrect meter read submitted to the new Supplier or where the confirming Supplier cannot get readings from the customer or previous Supplier.

When this happens, the Transporter will bill the Shipper for both Capacity and Commodity charges at an incorrect level. The Commodity charge will be corrected by reconciliation of the deemed consumption following the submission of a meter read, but the Capacity charge will not be corrected.

There is a process for getting the initial AQ corrected, which is appealed either by the submission of two meter readings with a minimum time between reads of 186 days or the use of a BTU form. The problem with the former is that there is still a long delay during which incorrect Commodity charges are applied. The BTU form allows Shippers to obtain information as to the likely consumption for a residential property. The information required on the BTU form includes details of customer's property, the gas ratings of all appliances and the customer signature certifying details provided and this must be submitted to the Transporter within the narrow timetable as defined in Section G 1.6.11 of the Uniform Network Code (UNC).

The problem associated with the use of a BTU form is the high level of customer involvement needed to complete the relevant details on the form. Due to the technical nature of the information required, an incredibly low level of response has been and continues to be experienced. Though there are only a small number of residential properties with high erroneous AQ, the financial impact can be significant to the Shippers.

There is the additional problem of these very large but incorrect AQs giving incorrect signals to the Transporter for system management purposes.

With the current BTU form, it is almost impossible to meet the domestic registration criteria due to timescales set in Section G 1.6.11 of the UNC. A Shipper has not more

than 7 business days prior to and no later than 23 business days after the Supply Point Registration Date to notify the Transporter that the AQ fails to satisfy the requirement in Section G paragraph 1.6.6 of the UNC. For an appeal against an erroneous AQ to be successful, a Shipper must have received the completed BTU form from the customer and submit this to the Transporter within a timescale of between SSD -7 to SSD +23. An appeal is made under section G.1.6.13 of the UNC.

It is therefore proposed that the current BTU form be complemented with a revised BTU form (see appendix) which includes a table of values (see fig 1) based on the current NExA table. The NExA table is an industry recognised set of values that is used by Users. The NExA table is solely based on regional estimates and does not require the customer's signature or gas ratings of appliances on a customer property.

Fig 1

Band	House Type	South SW, NT, WS, SO (92%)		Average WN, SE, NW, EA, EM, WM, NE (0%)		North NO, SC (108%)	
		AQ (kWh)	TPA	AQ (kWh)	TPA	AQ (kWh)	TPA
A	1 Bed	8,815	301	9,585	327	10,127	346
B	2BF, 2BT	10,639	363	11,270	385	11,659	398
C	2BS, 2BD, 3BT, 3BF	13,120	448	13,530	462	14,255	486
D	3BS, 2BB	14,348	490	14,611	499	15,871	542
E	3BD, 3BB	16,180	552	17,303	590	19,758	674
F	4BD, 4BT, 4BS, 4BB	19,823	676	21,195	723	22,690	774
G	5BD, 5BS, 6BD	28,077	958	30,035	1,025	31,176	1,064

The use of the proposed form would provide greater transparency and good accountability of AQ values relating to erroneous charges. It would also provide efficient management of the system through the provision of better quality data. The revised form would help to determine the likely gas consumption on a residential property and should only be used for:

- A Change of Supplier process.
- Domestic properties with AQ above industry recognised threshold of 293,000 KWh i.e. monthly meter read cycle.

Prospective Erroneous Large AQ Calculation Proforma
for use where no meter readings are available and the AQ value is incorrect
(Residential Properties above 293,000 kWh use only)

Shipper:		Premise Address:					
M Number:							
Meter Serial Number:							
Property Type		Flat / Terrace / Semi Detached / Detached / Bungalow					
Number of Bedrooms		1 / 2 / 3 / 4 / 5 / 6					
Is Gas Central Heating used?		YES / NO					
Additional equipment or extension to the property, e.g. swimming pool, annex (please state)							
Estimated Average annual gas consumption for domestic dwellings in the UK							
Band	House Type	South SW, NT, WS, SO (92%)		Average WN, SE, NW, EA, EM, WM, NE (0%)		North NO, SC (108%)	
		AQ (kWh)	TPA	AQ (kWh)	TPA	AQ (kWh)	TPA
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G	5BD, 5BS, 6BD	28,077	958	30,035	1,025	31,176	1,064
Previous Suppliers Last Read & Date							
Change of Supplier Opening Read & Date							
Estimated Annual Quantity:		KWh					
Shipper Representative:							
Shippers Signature:							
Date:							

N.B INCORRECT OR INSUFFICIENT INFORMATION CAN RESULT IN REJECTION

2. Extent to which implementation of the proposed modification would better facilitate the relevant objectives

Implementation of this Modification Proposal may further the relevant objectives, as specified in SSC A11 of the Gas Transporters licence, by:-

- *Securing effective competition between relevant suppliers and shippers (paragraph (d) and (ii))* - by removing inappropriate cost allocations, thereby improving cost reflectivity, and by making the change of supplier process more efficient in that less and more easily obtainable information would be required from consumers to support an AQ amendment, implementation may be expected to facilitate the achievement of this relevant objective.

RWE suggested that implementation will remove a potential barrier to new entrants who might not be in the financial position to withstand the Energy and Transportation costs of an erroneous registration.

WWU challenged this objective for domestic properties with an AQ greater than 293,000 KWh as the change of supplier process should identify that more information might be required from the customer.

- *Efficient and economic operation of the pipeline system (paragraph (a))* - by avoiding the need to contact some customers in an emergency situation and potentially reducing storage monitors, implementation could facilitate the achievement of this relevant objective.

WWU argued there would be an insignificant impact on storage and safety monitors and hence implementation would not better facilitate this objective.

- *Efficient implementation of UNC* - by streamlining the AQ process, this relevant objective would be facilitated by implementation of this Proposal. However, this is dependent on the costs incurred by the Transporters to support the process. If significant systems development work were required, this relevant objective would be unlikely to be furthered.

EDF suggested implementation could also facilitate the “*Efficient discharge of the licensee’s obligation under this licence*” as the safety monitors would be more accurate and contact details improved, enhancing security of supply.

3. The implications of implementing the Modification Proposal on security of supply, operation of the Total System and industry fragmentation

No material implications are anticipated.

4. The implications for Transporters and each Transporter of implementing the Modification Proposal, including

a) implications for operation of the System:

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

b) development and capital cost and operating cost implications:

No development and capital cost and operating cost implications have been quantified. However, xoserve has suggested that, based on the Proposal as drafted, costs would be incurred as this will be a manual process and the

numbers likely to be processed are as yet unknown. There will also be ongoing monitoring requirements.

c) extent to which it is appropriate to recover the costs, and proposal for the most appropriate way to recover the costs:

NG UKD suggested that should additional costs be incurred, these should be recovered by the current cost recovery mechanism.

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

No such consequences are anticipated.

5. The consequence of implementing the Modification Proposal on the level of contractual risk of each Transporter under the Code as modified by the Modification Proposal

No such consequences are anticipated.

6. The high level indication of the areas of the UK Link System likely to be affected, together with the development implications and other implications for the UK Link Systems and related computer systems of each Transporter and Users

Some system implications are anticipated by some of the Transporters, given the present drafting of the Proposal. Details are not available at present.

The Proposer believes that existing processes may be capable of dealing with the proposed change since the essence of the Proposal is to change the form, and hence information, which must be provided to support a change in AQ. With no change in the subsequent processes, no significant development costs should be incurred.

7. The implications of implementing the Modification Proposal for Users, including administrative and operational costs and level of contractual risk

It is expected that minor changes to relevant Users' operational processes and procedures would be required to accommodate the implementation of this Modification Proposal. Its implementation, however, may only involve minor associated costs during scheduled system updates.

EDF believed that prompt correction of erroneous registered AQs should lead to a corresponding reduction in the workload from Reconciliation by Difference (RbD) transactions, and so potentially represent a cost saving to both Shippers and Transporters.

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

More accurate cost allocations should result in more appropriate charges for consumers.

The Change of Supplier process may be more efficient, requiring customers to provide more readily available information.

9. Consequences on the legislative and regulatory obligations and contractual relationships of each Transporter and each User and Non 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

- More efficient Change of Supplier process
- More accurate cost allocations

Additional benefits identified in responses:

- Shippers would not be over charged for unrecoverable capacity charges
- More accurate picture of the supply demand balance

Disadvantages

- (As yet unidentified) Implementation costs
- Incentive to resolve underlying data issues reduced

Additional disadvantages identified in responses:

- In some instance the information provided by the use of the proforma will not be as accurate at that which would have been supplied using the BTU form

11. Summary of representations received (to the extent that the import of those representations are not reflected elsewhere in the Modification Report)

Representations were received from the following parties:

Organisation	Abbreviation	Position
British Gas Trading	BGT	Qualified Support
EDF Energy	EDF	Supports
National Grid Distribution	NG UKD	Supports
RWE npower	RWE	Supports
Scottish & Southern Energy	SSE	Supports
Wales & West Utilities	WWU	Qualified Support

Some comments were relayed with regards to the Legal Text being unclear as to whether both conditions i.e. Change of Supplier process and Domestic properties with AQ above 293,000 KWh must exist or just one in order for the revised process to apply. If either criterion rather than both need to be present, this could lead to significant volumes being generated, impacting process and cost.

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

Implementation is not required to enable each Transporter 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 paragraph 5 of Condition A4 or the statement furnished by each Transporter under paragraph 1 of Condition 4 of the Transporter's Licence

Implementation is not required having regard to any proposed change in the methodology established under paragraph 5 of Condition A4 or the statement

furnished by each Transporter under paragraph 1 of Condition 4 of the Transporter's Licence.

14. Program for works required as a consequence of implementing the Modification Proposal

None identified.

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

Implementation could be effective shortly after direction from the Authority unless systems development is necessary.

16. Implications of implementing this Modification Proposal upon existing Code Standards of Service

No such implications of implementing this Modification Proposal upon existing Code Standards of Service have been identified.

17. Recommendation regarding implementation of this Modification Proposal and the number of votes of the Modification Panel

At the Modification Panel meeting held on 18 January 2007, of the 8 Voting Members present, capable of casting 9 votes, 9 votes were cast in favour of implementing this Modification Proposal. Therefore the Panel recommend implementation of this Proposal.

18. Transporter's Proposal

This Modification Report contains the Transporter's proposal to modify the Code and the Transporter now seeks direction from the Gas & Electricity Markets Authority in accordance with this report.

19. Text

TPD Section G1.6

Amend paragraph 1.6.13 (c) to read as follows:

- “(c) where a Registered User so notifies the Transporter:
- (i) pursuant to paragraph (a)(i) or paragraph (b) ~~and~~ the Registered User shall with such notice provide to the Transporter details as set out in paragraph 1.6.5 together with the Registered User’s reasons or evidence for its view and a reasonable estimate of the quantity or (as the case may be) value which the Registered User considers should be the Annual Quantity or such variable of such Supply Meter Point; and in the case of paragraph (a)(i) in respect of a Larger Supply Point with an Annual Quantity greater than 293,000 kWh (10,000 therms) where a change of gas supplier has occurred, such details may be provided to the Transporter by use of the table in the format specified in Annex G3;
 - (ii) pursuant to paragraph (a)(ii) the Registered User shall with such notice provide to the Transporter in a format specified by the Transporter details of the Registered User's reasons or evidence for its view and a reasonable estimate of the quantity or (as the case may be) value which the Registered User considers should be the Annual Quantity or such variable of such Supply Meter Point;”

Add New Annex G -3 to read as follows:

Prospective Erroneous Large AQ Calculation Proforma
for use only where there has been a change of supplier and no meter readings are available and the AQ value is incorrect
(Residential Properties above 293,000 kWh use only)

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Meter Serial Number:							
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E	3BD, 3BB	16, 180	552	17, 303	590	19, 758	674
F	4BD, 4BT, 4BS, 4BB	19, 823	676	21, 195	723	22, 690	774
G	5BD, 5BS, 6BD	28, 077	958	30, 035	1,025	31, 176	1, 064
Previous Suppliers Last Read & Date							
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Estimated Annual Quantity:		KWh					
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Shippers Signature:							
Date:							

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For and on behalf of Relevant Gas Transporters:

Tim Davis
Chief Executive Joint Office of Gas Transporters