

Modification Panel Secretary  
Joint Office of Gas Transporters  
Ground Floor Red  
51 Homer Road  
Solihull  
West Midlands  
B91 3QJ

26 October, 2006

Dear Julian

**Re: Modification Proposal 0117/0117A**

Corona Energy ("Corona") wishes to submit the following in response to the above urgent modification proposal.

**Introduction**

Corona does not support the implementation of this Modification Proposal as we believe that it is a disproportionate and impractical response to a specific occurrence; that being the meter error reported at Farningham.

The clarificatory note provided by EDF, in our opinion renders the alternative Modification Proposal 0117A redundant. The note establishes that the limitations of Modification Proposal 0117, as highlighted by Wales & West Utilities have been considered and in principle will be remedied in the event that the Modification Proposal proceeds to implementation. For this reason Corona will only consider the merits of the original Modification Proposal 0117.

In general, Corona is aware that the aforementioned meter error has created significant financial implications for a number of Users and it is indefensible that the error persisted undetected for such a period of time. For this reason it would seem appropriate to consider a better targeted response to the problem rather than a complete overhaul of the billing and reconciliation process currently set down in Code. Indeed, the Proposer has made it abundantly clear in the text of the Modification Proposal that it is intended to incentivise Transporters to ensure meter accuracy, however, the effect of it is to impact and potentially penalise certain Users.

The proposal is impractical for a number of reasons, not least of which is related to the potential read frequency of non-monthly read supply points. In accordance with the rules, such supply points are only required to be read every two years (must reads), although of course in practice they are read more frequently e.g. six monthly. In the event that there is a problem with a meter it is very likely, given the infrequency of such reads, that the identification/rectification of the problem will not be achievable within the timescale and the offtake would remain unreconciled. Given the nature of

these sites it is the case that identification of a problem may not occur at the time of the first read cycle and subsequent corrective activities are often frustrated by poor data records and inability to access or locate the meter. This could lead to an outcome where a large number of sites are not reconciled.

Secondly, the Modification Proposal neglects to outline the mechanisms for the treatment of supply points which have not been reconciled prior to the imposition of the two year embargo.

Thirdly, shippers encountered problems post meter unbundling which left many sites with inaccurate meter data. Corona still identify sites where changes in asset data were not correctly notified prior to and immediately after unbundling took place and this proposal would remove the ability to correct those outstanding errors in billing. We have also recently been made aware of an exercise being undertaken by National Grid Metering to clean up asset data on as many as twenty thousand meters where it is believed that information fundamental to accurate billing may be incorrectly recorded. The completion of this exercise is likely to have an impact on the I&C community and we will need the reconciliation process available in its current form in order to accurately balance customer billing against charges incurred.

Finally, Corona believes that the IQR process is of relevance. This process effectively closed out pre-1998 invoices, but it did allow a window for Users to query items which they maintained were important. The proposal does not allude to such a query window, for obvious reasons, meaning that Users could be left out of pocket for reasons outside of their control.

Corona would argue that the levels of uncontrollable risks to Users are unsustainable and conflict with the principle aims of the Modification Proposal.

In the spirit of the aim of the Modification Proposal to incentivise Transporters to ensure metering accuracy, Corona believes that it may be appropriate to introduce a new incentive into the GT Licences. This approach would:

- ensure that an incentive is correctly targeted at those Parties which have failed to perform to the necessary standards;
- not have secondary and undesirable impacts for Users;
- not impose disproportionate and unmanageable risks on Users;
- maintains the current UNC rules which, in general have served the industry well.

## **Modification Report Sections**

### **Better Facilitating of the Relevant Objectives**

Corona believes that due to the reasons stated above the Modification Proposal does not better facilitate the Relevant Objectives. In particular, it is likely to lead to discrimination against certain Users who are unable to progress queries within the constrained period. In addition and as a result of

the inability of Users to rectify problems this would lead to inappropriate cost targeting and risk allocation.

**Advantages of the Modification Proposal**

- Better incentivises Transporters to maintain meter accuracy

**Disadvantages of the Modification Proposal**

- Unfairly impacts Users with non-monthly read sites
- Further deterioration in cost reflectivity due to inability to reconcile a number of meter points
- Place unmanageable risks on Users denied the opportunity to justifiably correct inaccurate data and subsequent invoice amounts
- Could lead to the continuation of inaccuracies as Users are denied the opportunity and/or incentive to correct flawed data
- A disproportionate and potentially costly attempt to rectify a specific problem (at Farningham).

We trust you find our comments useful and if you have any questions then do not hesitate to get in touch.

Yours sincerely

James Crosland