

7<sup>th</sup> September 2007



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**Re: UNC Modification 0167 – Changes to Reconciliation Arrangements Under CSEP NExA**

Dear Julian,

Despite GTC not being a party to the UNC, I am writing to express concerns on behalf of GTC in relation to this modification as GTC are a party to the CSEP NExA to which this modification relates.

IGTs were invited to a Workshop at xoserve on Wednesday 5<sup>th</sup> September 2007 at which it became apparent that there are fundamental issues with the implementation of this modification.

I have listed my concerns below in no particular order:

**1. Changes to the Wording of Annex A Part 5**

Section 19 of the Draft Modification Report refers, it states:

“Changes are not required to the UNC but changes would be inserted under Part 5 of Annex A of the CSEP NExA to formally recognise one-off arrangements.”

GTC would welcome sight of the proposed changes to the drafting of Annex A Part 5 at the earliest possible opportunity. Without sight of this, we would be unable to support its implementation.

**2. Operation of Neutral Reconciliation**

Since attendance at the xoserve workshop on 5<sup>th</sup> September 2007, the full extent of the significant burden placed upon IGTs has become apparent.

The concept of performing a neutral reconciliation will **not** benefit Shippers, will **not** benefit Large Transporters and requires significant resource on the part of IGTs.

It is now understood that performing a one-off neutral reconciliation serves only to overcome shortcomings of the validation routine employed by xoserve systems.

For example, it is acknowledged that where IGTs have valid meter readings these will be used by the IGT to carry out I&C Reconciliation. Where meter readings are not available, however, the IGT is expected to formulate a .CRI file based upon AQ. The purpose of this is unclear as there would be minimal to no credit/debit to Shippers transportation charges as a result of this activity.

GTC are more than willing to commence the process of submission of reconciliation values based upon meter readings forthwith (subject to the comments in 3 below), however we remain unconvinced as to why IGTs are required to specifically produce neutral reconciliation files at significant cost where there is no demonstrable benefit to Shippers, Large Transporters or IGTs.

For the avoidance of doubt, should xoserve need to carry out this exercise of neutral reconciliation to overcome obstacles with their systems, it would appear that they already have all of the relevant information at their disposal with which to carry out this exercise – namely LMN AQs, CV Data, LMN Opening/Closing Dates etc.

### **3. Ongoing Arrangements**

After discussion with xoserve on 5<sup>th</sup> September, the assertion made in the Draft Modification Report that;

*“For the avoidance of doubt, once adjustments have been carried out, reconciliation should flow naturally from that point onwards.”*

is misleading.

As GTC understand the process, under the NExA Annex A IGTs are required to submit a reconciliation file within 30 days of receipt of a Valid Meter Reading. The reconciliation file will contain, among other things, the start and end read date.

#### **Worked Example 1**

- *A new meter is fitted to the GTC network on Thursday 6<sup>th</sup> September.*
- *As per NExA Annex A, each Wednesday GTC will submit request for a new LMN (this will occur on Wednesday 12<sup>th</sup> September).*
- *As per NExA Annex A, within 8 Business Days xoserve will update each Logical Meter Number.*
- *Subsequently the start meter reading date for this LMN would be 6<sup>th</sup> September, whereas the LMN would only become live with xoserve on same date between 12<sup>th</sup> and 21<sup>st</sup> September.*
- *GTC receive a routine meter read from the responsible Shipper on 12<sup>th</sup> December.*
- *GTC pass reconciliation file to xoserve with Start read taken on 12<sup>th</sup> September and end read taken on 12<sup>th</sup> December.*

- ***THIS FILE WILL BE REJECTED BY XOSERVE DUE TO RECONCILIATION PERIODS NOT COINCIDING WITH LMN DATES. GTC WILL, HOWEVER, HAVE FULFILLED THEIR OBLIGATIONS.***
- ***POTENTIALLY ALL SUBSEQUENT RECONCILIATION FILES WILL ALSO BE REJECTED FOR THIS LMN.***

**Worked Example 2**

- *A Supply Point transfers from one Shipper to another on the GTC network on Thursday 6<sup>th</sup> September.*
- *As per NExA Annex A, each Wednesday GTC will submit request for a new LMN and request closure of old LMN (this will occur on Wednesday 12<sup>th</sup> September).*
- *As per NExA Annex A, within 8 Business Days xoserve will update each Logical Meter Number.*
- *The incumbent (new) Shipper submits a Change of Supplier reading taken 5 Business Days before the transfer date itself (as allowed under IGT UNC) – this date being 30<sup>th</sup> August)*
- *GTC pass reconciliation file to xoserve with the start read date being the last available read upon which reconciliation took place on behalf of outgoing Shipper, and the end read date being the 30<sup>th</sup> August.*
- ***THIS FILE WILL BE REJECTED BY XOSERVE DUE TO RECONCILIATION PERIODS NOT COINCIDING WITH LMN DATES. GTC WILL, HOWEVER, HAVE FULFILLED THEIR OBLIGATIONS.***
- ***POTENTIALLY ALL SUBSEQUENT RECONCILIATION FILES WILL ALSO BE REJECTED FOR THIS LMN.***

GTC strongly believe that the validation routine applied by xoserve must be changed otherwise the current situation whereby no I&C Reconciliation can be performed will be repeated.

If you require any further information, please do not hesitate to contact me.

Yours sincerely

Paul Edwards  
**Shipper Services Manager**  
**GTC**

**cc Ofgem**