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Modification Proposal 0185/185A 'Meter Error Notification Process'

Dear Julian,

Thank you for your invitation seeking representation with respect to the above Modification Proposals.

Stance

0185	Against
0185a	Support

National Grid NTS (NG NTS) fully supports the principle of introducing 'Measurement Error Notification Guidelines for NTS to LDZ Meter Offtakes and LDZ to LDZ Meter Transfers' (Guidelines), governed under the UNC section V12 as a UNC related document. We agree that as such any development or modification of these Guidelines should be governed and agreed upon by the UNC Committee. As such we believe that 0185 is a welcome step forward. However having considered both proposals carefully we consider that 0185a provides a more complete and robust solution for the reasons set out below.

Development of the 'Guidelines'

We note that the proposed introduction of these 'Guidelines' under the governance of the UNC Committee, is unprecedented and marks the first occasion that an UNC related document, which has not existed under the governance of the UNC prior to its proposed inclusion under the provisions of section V12. Additionally the 'Guidelines' define processes which may result in a 'Significant Measurement Error Report' the outcome of which is binding on all parties. We believe for these reasons this document requires careful consideration by all parties and therefore it is reasonable to expect that any initial 'Guidelines' proposed to be included in section V12 should

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be developed and consulted upon with the Community and, if possible, the UNC Committee, prior to being formally recognised as a UNC Related Document (we note that at this stage such a document is not under the Committee's governance).

Review Group 0131

Under prevailing arrangements LDZ measurement errors are notified to Users through the 'LDZ RbD Reconciliation Notification Process', a process which was developed and introduced as a result of Review Group 0643 – 'To Review the Network Code rules on withholding of Energy payments under dispute and to consider circumstances where withholding of Energy Charges is appropriate'. This informal process, whilst developed and agreed with the industry, is not formally governed under UNC provisions. As a result several parties raised concerns that the process was not sufficiently transparent, particularly in respect of applying the appropriate methodology to determine the corrected allocation of energy resulting from a measurement error. Parties also believed that the User notification is currently triggered too late in the process, after the Meter Error Report is finalised, which in some cases resulted in significant concerns associated with managing financial uncertainty.

Review Group 0131 – 'LDZ RBD Reconciliation Notification Process' was formed to review the LDZ meter error notification process. The Review Group concluded that User notification and involvement should take place much earlier in the process, as this would offer greater transparency and enable Users to better manage any potential financial risks.

One of the key aspects the Review Group considered was the request for greater transparency, and User confidence in the process and the introduction of an Independent Experts to manage and write Significant Measurement Error reports, with the outcome of such a report being binding, in respect of the quantification of the Measurement Equipment Error to be reconciled.

During the RG0131 meetings we advised that, although the 'Guidelines' document could be introduced under the governance of the UNC, as a UNC related document, many of the processes defined within it could not be enforced unless amendments were made to section D of the UNC Offtake Arrangements Document (OAD). Therefore implementation of a Proposal that does not include the necessary changes to the OAD would introduce contradictions in UNC provisions and would require a further UNC changes to enable the 'Guidelines' to be applied.

Modification Proposal UNC0185

Modification Proposal 0185 seeks to introduce the proposer's suggested 'Guidelines' under the governance of the UNC Committee. Additionally it seeks to *'require adherence to the suggested ancillary document'* (UNC0185 para1). We consider that if introduced the proposed 'Guidelines' could not be adhered to, as such adherence would require amendments to the OAD. Therefore as currently drafted we cannot offer support for Modification Proposal 0185.

Modification Proposal UNC0185a

We believe that Modification Proposal 0185a better meets the relevant objectives as it includes the necessary changes to the OAD and therefore better meets the objective of greater efficiency in respect of implementation and administration of the UNC. As such we consider that this alternate Proposal better reflects the recommendations expressed by the majority of those attending the Review Group 0131 – ‘LDZ RBD Reconciliation Notification Process’ in that it seeks to introduce robust and transparent LDZ measurement error notification processes.

2) Extent to which implementation of this Modification proposal would better facilitate the achievement (for the purposes of each Transporters Licence) of the Relevant Objectives

Standard Special Condition A11.1 (d): so far as is consistent with sub-paragraph (a) to (c) the securing of effective competition between shippers, suppliers and DN operators:

UNC0185 and UNC01852A –

We agree with both of the proposers that introducing the Guidelines as a formal document under the governance of the UNC would provide greater transparency and ‘*certainty to Users, reducing the risk of operating in the UK and thereby facilitating the securing of effective competition between Shippers*’.

Standard Special Condition A11.1(f): so far as is consistent with subparagraph (a) to (e), the promotion of efficiency in the implementation and administration of the network code and/or the uniform network code;

0185a – We agree with the view expressed by the proposer that, when compared with UNC0185, proposing amendments to the UNC which seek to both formalise the governance of the ‘Guidelines’ and ensure that the processes detailed in the ‘Guidelines’ are consistent with relevant sections of the UNC, and therefore can be adhered to, this Proposal demonstrates greater efficiency in respect of implementation and administration of the UNC.

4) The implications for Transporters and each Transporter of implementing this Modification Proposal, including:

b) The development and capital cost and operating cost implications:

We believe that when capital and operating costs are compared with costs associated with prevailing ‘LDZ RbD Reconciliation Notification Process’ (0643 process) such costs may not be viewed as significantly greater.

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

No such implications are anticipated.

7) The implications of implementing the Modification Proposals for Users, including administrative and operational cost and level of contractual risk

We believe that the 0185a Proposal if implemented will reduce contractual risk as the process provides greater transparency and early notification of error resolved through a robust and well defined process.

Please let me know if you require any further information to enable preparation of the Final Modification Report.

Yours sincerely

Ritchard Hewitt