

CODE MODIFICATION PROPOSAL No 0192
Introduction of DNO obligations to facilitate resolution of unresolved USRVs
Version 3.0

Date: 09/07/2008

Proposed Implementation Date: Not applicable

Urgency: Non 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/11700_Urgency_Criteria.pdf)

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

Review Proposal 0158 "Review of User Suppressed Reconciliation Values' incentive arrangements" was raised by British Gas Trading in July 2007. A Review Group was subsequently convened with a purpose of reviewing the current UNC incentives with respect to User Suppressed Reconciliation Values (USRVs). The Group concluded its discussions and a Review Group Report was produced recommending modification of the UNC to introduce provisions to ensure that no USRVs are 'timed out' as a result of the introduction of Modification Proposal 0152V. The Group considered it appropriate for Distribution Network Operators (DNOs) to administer a 'backstop' arrangement to seek resolution of USRVs before they reach the 4/5 year cut off date for invoicing. It was identified that this service should be undertaken on behalf of DNOs by the DNOs' agent and would be charged for as a UNC User Pays Service set out in the Agency Charging Statement (ACS).

Following discussion within the Distribution Workstream (operating as a Development Workgroup) outline business rules were identified under which a modified regime would operate and these rules form the basis of the proposal;

- With effect from the 30th USRV month after the USRV month during which the USRV was created, the DNO would resolve the USRV using its agent. The resolution timeline applies to the initial USRV and would be unaffected by any new linked USRVs resulting from unsuccessful resolutions by Users. i.e. All linked USRVs would be resolved as part of this process including the current USRV which is the liable USRV (liability is defined in UNC section E paragraph 8.3);
- From the point that the DNO takes on the resolution process in relation to each USRV, that particular USRV would no longer be part of the charges calculated in E 8.3;
- The User would still have the ability to resolve the USRV until such time as the DNO's agent determines the resolution (which may include a scenario where no reconciliation is required). At the point when the DNO commences the resolution of the USRV (with effect from the 30th USRV month) the service would become chargeable regardless of whether the User resolves the USRV after this point;
- This undertaking would be offered by the DNOs on a 'reasonable endeavours' basis

to resolve a USRV. This means that the DNO through its agent would use reasonable endeavours to resolve the USRV using conventional methods and having regard to its reasonable endeavours obligation and in the event that it is not practicable to resolve the USRV, at the DNO's discretion, a zero Reconciliation (i.e. no reconciliation leaving the position as invoiced) would be applied and this would be deemed to be a final resolution of the USRV and any linked USRVs

- Users should provide any additional information (in their possession) which is reasonably required by the DNO's agent e.g. Meter Readings. The current Registered User should also facilitate access to the customer's premises where requested for the purposes of enabling DNOs to obtain Meter Readings and Meter Information.
- the resolution determined by the DNO would be binding.
- Resolution of the USRV can occur without the need for the User to submit an RGMA flow. Asset data would not be updated by the DNOs agent, but in line with M3.2.15 the Registered User would be informed about any difference discovered in the Meter Information compared to the information held on the Supply Point Register.
- Upon implementation the DNOs agent would resolve the backlog some of which are expected to be over 30 months old. This would include USRVs where part but not all of the reconciliation period has become "timed out" for invoicing purposes in line with (4/5 year cut off).
- Charges in relation to these services would be detailed in the Agency Charging Statement as a User Pays Charge.

In the event that this Modification Proposal were not implemented, it is possible that some Metered Quantities could remain unreconciled because one or more of the periods to which the Metered Quantities relate have become timed out for invoicing purposes following the introduction of UNC Modification 0152V (April '08). Whilst an accurate figure can not be placed upon the associated reconciliation quantities, it is accepted that the risk associated with any unreconciled energy, creates a level of financial uncertainty for all Users.

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

Implementation of this Modification Proposal would improve prompt and timely resolution of reconciliation 'USRVs'. This would increase the level of certainty for Users charged through Reconciliation by Difference (RbD).

A more accurate allocation of energy and transportation charges could be expected which would facilitate the securing of effective competition between Shippers and between Suppliers. This measure is therefore consistent with Standard Special Condition A11.1 (d).

Implementation of this Modification Proposal would be expected to better facilitate SSC A11.1 (f), by providing better cost allocation.

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

A suitable period of time would be required for the DNOs' Agent to develop appropriate processes and procedures. An initial period for resolution of the backlog following implementation of this Proposal would be required.

Code Concerned, sections and paragraphs

Uniform Network Code

Transportation Principal Document

Section(s) E

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