

Draft Modification Report
Improvement to More Frequent Reading Provisions to allow benefits of AMR
Modification Reference Number 0202
Version 1.0

This Draft Modification Report is made pursuant to Rule 9.1 of the Modification Rules and follows the format required under Rule 9.4.

1 The Modification Proposal

Currently the UNC mandates a User must secure and provide to the relevant Distribution Network Operator (DNO) meter readings for Non-Daily Metered (NDM) sites at various timescales depending on the size and nature of the meter point. The UNC also allows the shipper to send meter reads more frequently than is mandatory under UNC.

The existing UNC provisions allow Users to submit reads weekly for Monthly Read sites, fortnightly for Annual Read meters on Larger Supply Points and on a quarterly basis (63 days) for meters on Smaller Supply Points.

With the greater use of Automatic Meter Reading (AMR) on Industrial & Commercial (I&C) meters that fall into the Smaller Supply Point category there is an opportunity for Users to provide meter reads to the relevant DNO on a more regular basis

During recent industry discussions concerns have been raised over the DNOs' agent xoserve's ability to receive substantially greater numbers of meter reads from Users. In particular it has been suggested that if there is a substantial increase in the numbers of reads from Smaller Supply Points then there is a risk that UK-Link system would not be able to cope. It has been indicated that there may be an opportunity in 2012 during the scheduled UK-Link rebuild to allow even greater numbers of meter reads to be received from Smaller Supply Points. This will allow xoserve to support the fully integrated implementation of 'smart metering' in the domestic sector.

In the I&C sector there is increasing use of AMR on all NDM Supply Points both large and small. There are a number of companies including Corona Energy who are competing to provide these AMR services to suppliers and end users. It is important that the data from these services can be supplied to Transporters by the shipper on a regular basis as it improves the accuracy of billing of both transportation and energy charges.

As most charges are billed on a monthly basis, having readings on a monthly basis from all I&C Non Daily Metered (NDM) Supply Points would improve the accuracy of the DNO invoicing of large I&C NDM Supply Points.

Whilst Corona believe that providing daily AMR data to xoserve would allow a greater accuracy of profiling and therefore more accurate invoices it accepts that providing more frequent data than currently permissible is likely to be a more efficient solution in the short-term.

Corona Energy therefore proposes that the existing UNC provisions be changed to allow a User to elect a Smaller Supply Point to be Monthly Read (current provisions of the UNC restrict the ability to make such an election to Larger Supply Points with an AQ below 293,000kWh). It is proposed that in making such an election the User will warrant that AMR is installed, is operational and

readings periodically obtained from such will be issued to the Transporter (subject to the prevailing read frequency provisions for Monthly Read Meters). Designation as a Monthly Read Meter will effectively enable the User to submit a reading up to once every 7 days. The relevant Supply Point Administration (SPA) validation processes should therefore be changed to allow Smaller Supply Points to be nominated as Monthly Read subject to the warranty detailed above. All other UNC provisions relevant to Monthly Read Meters will apply.

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

Standard Special Condition A11.1 (a): the efficient and economic operation of the pipe-line system to which this licence relates;

Increased numbers of AMR reads provided by shippers to GT's is likely to improve the accuracy of AQ's as it is more likely that accurate, timely reads will be available.

The AMR data could also be used in the future to produce a SSP I&C profile. More accurate profiles would improve the GT's ability to accurately forecast network usage.

Standard Special Condition A11.1 (b): so far as is consistent with subparagraph (a), the coordinated, efficient and economic operation of

(i) the combined pipe-line system, and/ or

(ii) the pipe-line system of one or more other relevant gas transporters;

Implementation would not be expected to better facilitate this relevant objective.

Standard Special Condition A11.1 (c): so far as is consistent with subparagraphs (a) and (b), the efficient discharge of the licensee's obligations under this licence;

Implementation would not be expected to better facilitate this relevant objective.

Standard Special Condition A11.1 (d): so far as is consistent with subparagraphs (a) to (c) the securing of effective competition:

(i) between relevant shippers;

(ii) between relevant suppliers; and/or

(iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers;

This change should increase the frequency that I&C metering data is provided by shippers to the GTs. This will improve the accuracy of the invoices for all NDM supply points. The RbD process would be improved through the use of more accurate profiles in invoicing. Additionally this change would encourage

the provision of a monthly read for all I&C NDM supply points that have AMR equipment attached, improving the accurate allocation of energy between the market sectors.

By amending terms to facilitate the provision of a greater number of reads by shippers, the Modification would therefore assist the correct apportionment of transportation and energy charges thereby facilitating competition between relevant suppliers and relevant shippers.

Standard Special Condition A11.1 (e): so far as is consistent with subparagraphs (a) to (d), the provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards... are satisfied as respects the availability of gas to their domestic customers;

Implementation would not be expected to better facilitate this relevant objective.

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

Implementation would not be expected to better facilitate this relevant objective.

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

A small improvement in the ability of the DNOs to manage their networks would be expected due to the improved AQs that are used in profiling and modelling.

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

a) Implications for operation of the System:

An improvement in the ability of the DNOs to manage their networks would be expected due to the improved profiling and modelling allowed by the provision of this data.

b) Development and capital cost and operating cost implications:

The development costs are likely to be small. The operating costs for the SSP sites under this regime should be no different than any other monthly read sites.

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

No such costs have been identified.

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

No such consequences on price regulation have been identified.

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 on contract risk have been identified.

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

A change would be required to allow the SSPs to be monthly read.

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

Administrative and operational implications (including impact upon manual processes and procedures)

This should allow the shippers of Supply Points with AMR attached to reduce their costs of managing the provision of meter reads to the DNOs as it will allow the sending of Meter Readings for all sites on a monthly basis.

Development and capital cost and operating cost implications

Some reduction in all these costs would be anticipated.

Consequence for the level of contractual risk of Users

Due to the increased accuracy of AQ, some reduction in risk would be anticipated.

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

Benefits for Suppliers and Consumers would be anticipated.

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

As well as the advantages stated above this change will also provide greater accuracy of invoicing for all RbD shippers through:

- more accurate SSP AQs for sites with AMR attached
- due to the benefits of alignment incorporated with provision of AMR Meter Readings at SSPs, this would lead to more economic provision of AMR Meter Readings for LSP NDM meters
- more Supply Points will be picked up by the must reads process.

Disadvantages

None identified

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

Written Representations are now sought in respect of this Draft Report.

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 Programme for works required as a consequence of implementing the Modification Proposal

No programme of works would be required as a consequence of implementing the Modification Proposal.

15 Proposed implementation timetable (including timetable for any necessary information systems changes and detailing any potentially retrospective impacts)

Subject to the appropriate direction being provided by the Authority this Proposal can be implemented as soon as xoserve change their systems to accept Meter Readings submitted in line with the Proposal.

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

No 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

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 and Electricity Markets Authority in accordance with this report.

19 Text

Representations are now sought in respect of this Draft Report and prior to the Transporters finalising the Report.

For and on behalf of the Relevant Gas Transporters:

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