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Re: Modification Proposal 0202 'Improvement to More Frequent Readings Provisions to allow benefits of AMR'.

Dear Julian,

Thank you for your invitation seeking representations with respect to the above Modification Proposal. National Grid Gas (Distribution), (NGD) supports implementation.

As stated in our responses to various industry consultations, NGD recognises the potential for wider industry and social benefits to be realised by the introduction of smart meter reading technologies including automatic meter reading devices that can reliably procure frequent Meter Readings. Whilst the prevailing terms of the UNC permit such readings to be provided to the Distribution Network Operators (DNO) for settlement purposes, we are cognisant that the UNC restricts the frequency with which such readings can be provided to the DNOs.

Implementation of this Proposal would effectively allow certain Smaller Supply Points (SSPs) to be elected as Monthly Read Meters (subject to the stated User warranties) and therefore readings could be provided to the DNO from such devices up to a maximum frequency of one reading each seven days. This is an increase from the current maximum frequency for Annual Read Meters of one read every sixty-three days.

Though Meter Readings are not used to individually reconcile SSPs (instead being reconciled in aggregate) and will not therefore have a direct impact on periodic reconciliation, a greater population of Meter Readings would provide the DNO with a greater choice of readings from which to select the optimal delimiting reads that are required to calculate an Annual Quantity (AQ). This would minimise the likelihood of there being insufficient data from which to calculate such a value. Further, in the event of the implementation of a regime whereby a Supply Point's AQ is able to be generated more frequently than once per year¹, allowing a greater quantity of readings to be submitted would enable the AQ to be reflective of more recent consumption levels. As reconciliation in aggregate (via the Reconciliation by Difference (RbD) mechanism) is apportioned according to AQ market share, a more reflective AQ would more appropriately apportion the relevant charges.

Though supportive of implementation, NGD is mindful of the overall volume constraint (both physical and contractual²) in respect of Meter Reading submissions to UK Link which is currently set at a peak

¹ The Development Workgroup instigated by Modification Proposal 0209 'Rolling AQ' is currently developing a regime that would enable an AQ to be updated on a monthly basis subject to appropriate Meter Readings being submitted to the DNO.

² The UK Link Manual – IS Service Definition Appendix 1.

level of 400,000 readings per day. Accordingly, whilst we believe a moderate increase in read volumes could be accommodated, if significantly large numbers of automated meter reading equipment were installed at SSPs and readings forwarded to the DNOs' systems increased to unmanageable levels compromising the existing limits, NGD would need to evaluate the available remedies.

NGD also notes that within several sections of the Proposal, the proposer refers to the potential for implementation to improve the data utilised by DNOs to profile utilisation within year. To clarify, as referred to above, the AQ of a Supply Point is currently derived from a single pair of Meter Readings weather adjusted back to seasonal normal temperatures and corrected to 365 days. The level of AQ then determines which End User category (EUC) the Supply Point is allocated. The Annual Load Profile for an EUC is derived within the Demand Estimation process by use of the NDM Sample and does not rely on historic Meter Readings.

Nevertheless, NGD concurs with the proposer in concluding that implementation of the Proposal would better facilitate the relevant objective of the securing of effective competition between relevant shippers by potentially improving cost reflectivity.

In respect of implementation, xoserve is currently assessing the cost and lead time for making the necessary changes to the DNOs' UK Link system. Initial indications are that this would not require a significant change to systems provided that read volumes do not exceed the current prescribed limit. We note that change to the UK Link system must be conducted in accordance with the terms of Section TPD U8.4.4 of the UNC which details the relevant lead times.

Please contact Chris Warner on 01926 653541 (chris.warner@uk.ngrid.com) should you require any further information with respect to the above.

Yours sincerely

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