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**Re: UNC Modification Proposal 0224 - Facilitating the use of AMR in the Daily Metered Elective Regime**

Dear John,

Thank you for your invitation seeking representations with respect to the above Modification Proposal.

National Grid Distribution (NGD) would like to offer support for this Proposal.

On 27<sup>th</sup> July 2007 Ofgem rejected Modification Proposal 0088 'Extension of DM service to enable Consumer Demand Side Management'.

In its rejection letter, Ofgem stated that the Proposal:

- does not provide a justification for the proposed minimum meter reading frequencies given the capabilities of AMR;
- contains insufficient information on the potential uptake of the DM(AMR) regime;
- provides an inadequate assessment of the costs and benefits of the proposal; and
- contains an inadequate assessment of potential impacts on xoserve, supporting systems and other users and has not adequately considered alternative ways of addressing the costs and complexity of electing to be DM.

Gas de France Suez (GdF) developed an alternative approach which set out to offer the opportunity for parties to consider changes which could increase participation in the Daily Metered (DM) regime. This culminated in the raising by GdF of Modification Proposal 0224.

NGD is broadly supportive of its objectives and believes that many of the points raised by Ofgem in its decision letter for Modification Proposal 0088 have been addressed within development of the Proposal. We maintain some concerns regarding the limited evidence provided in respect of the extent of the likely participation in the new regime. However, we acknowledge that there are difficulties in quantifying this and note that Users have endeavored to provide some useful information. Whilst we understand the potential benefits of a phased implementation (defined by EUC), our current view is that this would be unnecessary.

We have some concerns regarding the maintenance of the NDM demand estimation profiling sample. However we note that within its rejection letter for Modification Proposal 0088 Ofgem stated "*We would expect existing profiles to be updated to reflect new circumstances and more accurate information. The profiles are there to serve the settlement system and must evolve to meet customer needs. So we do not attach much weight to these concerns*". We accept this view and will closely monitor the possible effects and take action accordingly.

We believe that implementation of this Modification Proposal would facilitate DNO Licence relevant objective SSC A11.1(d) *the securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers....'*

## **Comments on proposed Legal Text**

To facilitate progression of this Modification Proposal we have undertaken a summary review of the legal text and have the following comments:

### **G1.5.1(b)(iii)**

Our understanding is that the availability of DME is to Supply Meter Points with an AQ between 732,000kWh and 58,600,000kWh. We are concerned that the drafting within this paragraph (and elsewhere, see below) effectively restricts the availability to Supply Meter Points with an AQ between 732,000kWh and 2,196,000kWh. We note that other aspects of the Proposal (for example phasing of implementation and Roll Over Reconciliation Values) contemplate the former thresholds as opposed to the latter specified above).

### **G1.5.6(d)**

It may be appropriate to clarify the upper threshold requirement (58,600,000kWh) in addition to the lower value that is specified.

### **G1.5.8(b)**

This section mandates that the Supply Point must be reclassified as NDM where the AQ reduces below 732,000kWh however under existing UNC terms any Supply Point with an AQ above 73,200kWh may elect to be DM pursuant to the existing (Transporter provided) service.

### **G1.5.8(c) / G1.5.9(b)**

This upper threshold should be 58,600,000kWh and not 2,196,000kWh.

### **G1.5.12(d)**

We believe that this should refer to the Registered Supply Point Capacity and not the 'Supply Point Nomination'

### **G1.5.14**

This section is not required given that it is covered by G1.5.8(c). Irrespective of this it is not clarified as to the purpose to which the User is submitting a Supply Point Confirmation.

### **G2.3.1**

We believe that this additional text does not appear to read correctly in respect of the remainder of the paragraph.

### **M4.1.2**

Whilst the Ceiling Limit is able to be amended from time to time by the Transporter there is no requirement for this amendment to be communicated to Users.

### **M4.2.1(c)**

This paragraph should oblige the User to **obtain** the Meter Reading from the User Daily Read equipment and then **provide** the aforementioned Meter Reading to the Transporter in accordance with paragraph M6.

### **M4.7.4(c)**

D (we understand this means Day) requires definition. We also believe that the term "Roll Over Reconciliation Value" requires definition.

## **M4.8**

It is unclear to us whether there is a requirement (or indeed whether it is appropriate) for a Daily Read Error process for Meter Readings taken from User Daily Read Equipment given that the User submits this Reading in accordance with the Uniform Network Code Validation Rules. Furthermore we are unclear how the terms within this section are intended to operate, for example it is not clear which party has responsibilities to validate whether equipment is functioning correctly.

### **Transition Document IIC: B4.7.12(a) and (b)**

"DMSOQ" and "NDMSOQ" are not UNC defined terms.

### **Transition Document IIC: G1.7.2 (final paragraph)**

There is no requirement to define the Ceiling Limit as this is already defined within TPD section M4.1.1.

### **Transition Document IIC: G1.7.3**

We believe the text should read "...ascertain whether the **User** may install User Daily Read Equipment..." as opposed to "...ascertain whether the **Supply Meter Point** may install User Daily Read Equipment...". Additionally it is unclear on what basis and for what purpose the Transporter validation of meter readings is required under this paragraph.

### **Transition Document IIC: G1.7.3**

This section mandates that the Supply Point must be reclassified as NDM where the AQ reduces below the relevant phase threshold. As per our comment in respect of G1.5.8(b) above, in addition to reconfirmation as NDM, a further option exists whereby under existing UNC terms any Supply Point with an AQ above 73,200kWh may elect to be DM pursuant to the existing (Transporter provided) service.

We trust this information is useful.

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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Commercial Manager