

Representation

Draft Modification Report

0335: Offtake Metering Error – Payment Timescales

and

0335A: Significant Offtake Metering Error – Small Shipper Payment Timescales

Consultation close out date: 02 December 2011

Respond to: enquiries@gasgovernance.co.uk

Organisation: **Brian Durber**

Representative: E.ON UK

Date of Representation: 1 December 2011

Do you support or oppose implementation?

0335 – Support

0335A - Not in Support

If either 0335 or 0335A were to be implemented, which would be your preference?

Prefer 0335

Please summarise (in one paragraph) the key reason(s) for your support/opposition.

There is still little or no real incentive on GDNs to improve the validation process and what would appear to be basic maintenance errors still occur. This is highlighted by the recent Significant Meter Error Report on the National Grid Horndon offtake orifice plate installation, where following the replacement of an ancillary component, an error occurred that remained undetected for nearly two years. The error represented an under recording of over 160 GWh of energy and was identified as being associated with the very component that had been installed as a replacement.

Whilst we acknowledge and welcome the fact that GDNs have gone some way to improve the validation regime we do not believe that they will give sufficient attention to the prevention of errors until an appropriate financial incentive is in place. UNC 0335 will deliver this incentive.

Scotland Gas Networks in their 0335A Proposal argue for increased investment in ultra-sonic metering to replace orifice plate installations. Whilst there may be some merit in this, it is important to remind ourselves that Horndon and the two previous SGN errors at Braishfield and Aberdeen were all caused by maintenance errors, not by the fact that they were orifice plates. Offtake metering whatever the technology will still require robust maintenance and validation and merely replacing (at presumably large cost) one type of metering with another will not resolve what would seem to be systemic failure of maintenance procedures.

We are encouraged to see that within their 0335A Proposal SGN accepts that meter errors have a financial impact on Shippers, however we do not agree that the impact is lesser on larger Shipper organisations than smaller ones. The impact delivered via the RbD process is proportional to the size of the relevant Shipper market share within the particular LDZ. Shippers with larger market share will suffer proportionally larger impact and therefore this argument seems to be spurious. SGN also say that larger Shipper organisations sell gas at profit to domestic customers and seem to imply that smaller Shippers don't which appears to be an odd assertion. We would emphasise that Shippers generally do not argue that the majority of gas incorrectly measured at the offtake is not sold to customers. The key issue is that it is very difficult for Shippers to identify measurement errors as the amount of associated Unidentified Gas and leakage is by definition unknown, this therefore represents a risk which is difficult if not impossible to manage and accrue for. The answer it would seem is to introduce incentives that drive GDNs to have proper processes in place to prevent errors occurring in the first place.

Are there any new or additional issues that you believe should be recorded in the Modification Report?

Relevant Objectives:

How would implementation of these modifications impact the relevant objectives?

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Impacts and Costs:

What analysis, development and ongoing costs would you face if these modifications were implemented?

Implementation:

What lead-time would you wish to see prior to these modifications being implemented, and why?

Legal Text:

Are you satisfied that the legal text will deliver the intent of each modification?

Is there anything further you wish to be taken into account?

Please provide any additional comments, supporting analysis, or other information that that you believe should be taken into account or you wish to emphasise.