

## Supplemental Report

### 0345: Removal of Daily Metered voluntary regime

This Supplemental Report is made pursuant to Rule 9.5.4 of the Modification Rules.

#### 1. Reasons for Inviting Further Consultation

At the June 2011 Panel meeting, Ofgem raised concerns regarding the legal text, which includes dates in square brackets. Apart from the principle that there should be no square brackets in legal text, Ofgem felt it important that the proposed implementation date should be clear, meeting the needs of all industry parties rather than being set by Transporters alone following any direction to implement the modification. This would allow all parties an opportunity to express views on the appropriate timescale for removal of the Daily Metered Voluntary regime from the UNC.

The Panel requested the Distribution Workgroup to identify a range of possible implementation dates and these were presented to the July 2011 Panel.

As a result, this further consultation has been issued and representations are invited on the following potential implementation dates for this modification:

01 October 2011

01 October 2012

01 October 2013

Respondents are also asked to set out their reasons for the proposed date, including any views on the development of alternative metering solutions.

#### 2. Summary of representations received

Representations were received from the following parties:

Respondent				
Company/Organisation Name	Implementation Date			
	01 October 2011	01 October 2012	01 October 2013	
Corona Energy	Not in Support	Not in Support	Support	
E.ON UK	Not in Support	Not in Support	Qualified Support	
EDF Energy	Not in Support	Support	Support - preferred	
Gazprom	Not in Support	Not in Support	Qualified Support	
RWE npower	Not in Support	Not in Support	Support	
Shell Gas Direct	Not in Support	Not in Support	Support	

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Of the six representations received all six were not in support of implementing this modification on 01 October 2011, only one party offered support for implementation on 01 October 2012 however three parties offered support for implementing this modification on 01 October 2013 with two offering Qualified Support.

Corona Energy consider it appropriate to provide as much time as possible to allow Shippers to put in place a viable DME service and that sufficient notice is given so that customers do not lose the ability to voluntarily become daily settled during any transition period.

E.ON UK, Gazprom and RWE npower felt that the DMV regime should remain in place until either, take up of DME with subsequent proof of efficacy is achieved, or a Project Nexus solution is developed and tested.

Gazprom question the benefit of making a change at this time, which does not take into account broader industry initiatives. They were of the opinion that the removal of DMV at this stage without a proven alternative is introducing unnecessary risk.

EDF Energy highlight the need for a fundamental change in Shipper IT systems and that this would require a minimum of 12 months lead time. If an Ofgem decision is not received by 01 October 2011 they would not be able to support an implementation for 01 October 2012. EDF gave a preference for implementation on 01 October 2013 to manage and co-ordinate internal change processes.

RWE would prefer an implementation date of 01 October 2013 to enable systems to be fully developed.

Shell Gas Direct express concerns that the DME regime has not been exhaustively tested and that it is not currently being utilised. They would prefer to see an alignment with supplier obligations to install AMR with the implementation of this modification allowing for a transition phase. They believe removing the existing arrangements too early could hinder competition and should not be removed until Project Nexus has been delivered. They also highlight that the cost of enhancements to systems and processes for an interim period is likely to deter some suppliers from utilising the DME regime and therefore the removal of the DMV regime pre Nexus will leave customers without a daily metered service.

For and on behalf of the Relevant Gas Transporters:

**Tim Davis**  
**Chief Executive, Joint Office of Gas Transporters**