

Bob Fletcher
Joint Office of Gas Transporters
31 Homer Road
Solihull
B91 3LT

Chris Warner
Network Code Manager,
Distribution
chris.warner@uk.ngrid.com
Direct tel +44 (0)1926 65 3541

www.nationalgrid.com

18th May 2011.
Your Reference:UNC Modification Proposal 0362.

Re: UNC Modification Proposal 0362:
'Use of 'notional Meter Readings' and 'Agreed Opening Meter Readings' for Individual CSEP Reconciliation'

Dear Bob,

Thank for your invitation seeking representations with respect to the above Modification Proposal. As proposer, National Grid Gas Distribution (NGD) is supportive of the Proposal as drafted.

Do you support or oppose implementation?

Support/~~Qualified Support/Neutral/Not in Support/Comments*~~ *delete as appropriate*

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

NGD believes that this Modification Proposal should be implemented on the basis that it would enable a greater quantity of individual CSEP reconciliation to be issued by iGTs to Large Transporters. This would rectify an anomaly whereby a significant volume of such reconciliation could be determined on the basis of estimated (notional) Meter Readings or Agreed Opening Meter Readings which is currently not able to be processed by Large Transporters due to the limitations of the existing provisions of Annex A of the generic LDZ CSEP NEXA.

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

The terms of the iGT UNC are inconsistent with the Large Transporters' UNC in respect of not allowing Agreed Opening Meter Readings and estimated Opening Meter Readings to be used for the purposes of Individual Meter Point Reconciliation at CSEP Supply Points.

We have a concern that while this does not prevent implementation of UNC Modification Proposal 0362, its effectiveness could be compromised. Therefore we would urge that an iGT UNC party considers raising a Modification Proposal to the iGT UNC to introduce terms equivalent to the terms of the UNC. These are replicated below:

TPD Section M3.8.5 Without prejudice to paragraph 3.8.10, where an Opening Meter Reading is not provided to the Transporter by the date required under paragraph 3.8.2(b):

National Grid is a trading name for:
National Grid Gas plc
Registered Office: 1-3 Strand, London WC2N 5EH
Registered in England and Wales, No 2006000

(a) (except where 3.8.7(b) applies) a notional Meter Reading will be used for the purposes of Individual NDM Reconciliation in accordance with Section E6.1.6

M3.8.7 Subject to paragraph 3.8.9:

(a) (save where paragraph 3.8.7(b) applies) the Proposing User may notify to the Transporter a revised value of a Meter Reading (an "Agreed Opening Meter Reading") for a Non-Daily Read Supply Meter which is agreed between the Proposing User and the Withdrawing User as being valid for a date within the required date range and is to replace the Opening Meter Reading (or estimated Meter Reading under paragraph 3.8.5);

M3.8.8 Subject to paragraph 3.8.9, where a User notifies to the Transporter an Agreed Opening Meter Reading under paragraph 3.8.7:

(c) the Individual NDM Reconciliation in relation to the Withdrawing User (determined under Section E6.2 in accordance with the original Opening Meter Reading or estimated Meter Reading under paragraph 3.8.5) shall be revised in accordance with Section E6.7.2;

The iGT UNC references are:

E1.4

A Meter Reading obtained from a Non Daily Read Supply Meter is a "**Valid Meter Reading**", and the relevant Meter Read a "**Valid Meter Read**", where the following conditions are satisfied and not otherwise:

- (a) except in the case of a Customer Read permitted under Clause 1.6 or a Proposing User Read permitted under paragraph (i), the Meter Reading was provided by a Meter Reader appointed in accordance with Clause 2.1;
- (b) except in the case of an Opening Meter Reading the Meter Reading has been subject to Validation in accordance with Clause 9;
- (c) where the Meter Reading was rejected by such Validation, the Registered User has taken or secured the taking of such further steps as it determines to be necessary to investigate the validity of the Meter Reading and has thereby confirmed such validity;
- (d) the Meter Reading is provided to the Pipeline Operator in accordance with Clause 3.1;
- (e) the details provided pursuant to Clause 3 are consistent with the equivalent Meter Information appearing in the Supply Point Register;
- (f) in the case of an Opening Meter Reading obtained and provided in accordance with Clause 6.2, the Meter Reading has been obtained by a Gas Card Reading;
- (g) the Meter Reading was provided by the means of a Remote Read;
- (h) the Meter Reading was a Proposing User's Estimate provided in accordance with Clause 6.2 as an Opening Meter Reading;
- (i) the Meter Reading was a Proposing User Read.

11 Reconciliation – NDM CSEP

F11.1

On each occasion on which a Valid Meter Reading is received by the Pipeline Operator in a respect of an NDM Supply Meter Point comprised in a Larger Supply Point, the Pipeline Operator shall within 30 Days of receiving the same provide the details set out in Clause 11.2 to the Large Transporter.

E6.8

Unless the Pipeline Operator's Network Code provides otherwise, where an Opening Meter Reading is not provided, an estimated Meter Reading will be used for the purpose of the Pipeline Operator complying with the NExA.

Accordingly, whilst the position is clear that the iGT UNC does not allow an Agreed Opening Meter Reading to be used for reconciliation (as it is not a Valid Meter Reading) an estimated (notional) Opening Meter Reading can be used “for the purposes of complying with the NExA”. However, for the sake of clarity, it would appear logical for the iGT UNC Proposal to clarify the position in respect of both Meter Reading types.

It will be noted that the iGT UNC also defines a “**Proposing User’s Estimate**” (E1.2(u)) which from the definition is arguably exactly the same as an “**Agreed Opening Meter Reading**” (E6.5). However Section E1.4(h) classifies the former as a Valid Meter Reading which can therefore be used for the purposes of reconciliation. Looking back to the origin of the **Proposing User Estimate** the difference appears to be which Shipper (the incumbent or the incoming) calculates the estimate; however this differential is not reflected in the iGT UNC and UNC definitions. Therefore we believe that the position in respect of the use of Agreed Opening Meter Readings for reconciliation would benefit from clarification.

Relevant Objectives:

How would implementation of this modification impact the relevant objectives?

NGD’s opinion is that the Modification Proposal facilitates the relevant objective as set out in Standard Special Condition A11.1 of the GT Licence; specifically;

Standard Special Condition A11.1 (d): *so far as is consistent with sub-paragraphs (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;*

As set out within the Draft Modification Report, NGD believes that creation of a contractual framework which allows a greater quantity of individual CSEP reconciliations to flow would reduce the risks placed on Users which are subject to charges levied via the Reconciliation by Difference mechanism, where an agreed read is provided. This would increase certainty and potentially result in more ‘accurate’ allocation of costs and thus facilitate the securing of effective competition between Shippers.

Impacts and Costs:

What analysis, development and ongoing costs would you face if this modification were implemented?

No costs would be incurred by any party as a consequence of implementation of this Modification Proposal.

Implementation:

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

In accordance with self governance procedures, Modification Proposal 0362 can be implemented immediately following expiry of the 15 day ‘appeal’ window following an affirmative decision by the UNC Modification Panel.

Legal Text:

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

NGD has provided suggested legal text with respect to this Modification Proposal. We are satisfied that the text as published by the Joint Office meets the requirements of the Modification Proposal.

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

NGD has not identified any such matters.

We trust that this information will assist in the compilation of the Final Modification Report.

Please contact me on 01926 653541 (chris.warner@uk.ngrid.com) should you require any further information.

Yours sincerely,

Chris Warner
Network Code Manager, Distribution

