

Representation

Draft Modification Report

0369/0369A: Alternative Re-establishment of Supply Meter Points – measures to address shipperless sites

Consultation close out date: 03 February 2012
Respond to: enquiries@gasgovernance.co.uk
Organisation: SSE
Representative: Anne Jackson
Date of Representation: 03 February 2012

Do you support or oppose implementation?

0369 – Not in support

0369A – Neutral

If either 0369 or 0369A were to be implemented, which would be your preference?

Prefer **0369A**

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

The target population for this modification is those meters which are incorrectly reported as disconnected, when this is not the case, and the shipper then withdraws from the supply point. The solution corrects the charging to the transporter and reimburses them for abortive visits, which as an intent is sound.

However, the modification has other unintended consequences. Suppliers are likely to remove all meters from site to reduce risk and all the costs of doing this, along with the cost of a replacement meter (if required by the customer in the future), will be passed through to the customer. There will also be an impact on the metering installation and provision market.

Where a supplier leaves a meter on site, the customer may choose another supplier when they wish to restore the supply. If a live meter is identified by the transporter prior to the new supplier registering and updating systems, a complex situation will occur where the customer wishes to do business with one supplier while another is registered to the site. While the legal circumstances will be clear, the customer will not be and the reputation of the energy sector could be eroded further. Customers and suppliers should be able to fit meters legally (by completing connection and disconnection notifications) without incurring retrospective charges for periods when it was not possible to off take gas.

Additionally it is not clear about whether other obligations will also be retrospective, such as the supplier obligation to perform meter inspections. At the moment the supply point is restored to the previous shipper and is applied retrospectively, could the meter inspection become overdue for the supplier in that instant?

These modifications are not elegant solutions and should be refined to ensure they specifically target the problem area identified and only that area.

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

No

Relevant Objectives:

How would implementation of either of these modifications impact the relevant objectives?

The implementation of the modifications will reduce the number of shipperless sites and, therefore, reduce the level of gas allocated through Reconciliation by Difference. This will facilitate relevant objectives A11.1 (d) and (f).

However, the sites may be allocated unfairly to shippers, who are unable to control the actions of consumers (customers or new tenants) and un-associated suppliers. This could distort competition between shippers and suppliers.

Impacts and Costs:

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

Meters which are considered to be portable are removed from a site at the time of disconnection and if the consumer wishes to resume their supply the meter can be connected as easily. However, some large I & C bespoke meters are left on site as once removed they have no intrinsic value except for scrap, as they cannot be reused at another premise. They continue to have a value if they remain at the premise for which they were designed and would be suitable for use if gas was ever reinstated.

In order to mitigate the risk to the supplier of such a meter being reinstated by the consumer, the meter will have to be removed from site and scrapped. This could be detrimental to the customer and will be at the customer's expense. If the customer wishes to reinstate the supply at some point in the future, a new meter will have to be commissioned for a second time, again at the customer's expense.

Supply contracts are likely to be amended to reduce the risk of incurring charges and the risk will, therefore, be passed through to the customer.

Implementation:

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

As suppliers have no way of mitigating the risk of charges currently,

Legal Text:

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

The legal text does deliver the intent of modification 0369, however there are concerns about the legal text of mod 0369A.

The intent of mod 0369A makes it clear that where a consumer owned meter, that has previously been installed, disconnected and subsequently left with the consumer at their premises, is found to have been reinstated when the transporter conducts a Gas Safety (Installation and Use) Regulation visit, that these circumstances and those where the transporter has effected the disconnection are exceptions and shippers are not to be charged.

The legal text indicates that the exception only applies where gas is or has been off taken (charges specified in para. 3.7.5 (b)(i) not applied through para 3.7.5 (d)). Where the meter is connected but no gas has been off taken, the charges specified in para. 3.7.5 (c)(i) will apply regardless of the circumstances. This does not match the stated solution within mod 0369A.

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.