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to customers*

Our Ref: Net/Cod/iPGT12
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29 April 2005

ES Pipelines Ltd, Shippers and other parties.

Dear Colleague,

Modification Proposal ESP111: To allow the use of an early or Point of Sale read in estimating a Change of Supplier Meter Reading.

Ofgem has considered the issues raised by this modification proposal and has decided to direct ES Pipelines Ltd (ESP) to implement the proposal as we believe that it will better facilitate the relevant objectives of ESP's Network Code as defined in condition 9 of its GT Licence.

Background to the modification proposal

The Customer Transfer Programme (CTP) has identified a number of ways in which Change of Supplier Meter Readings can be processed as part of the customer transfer process. This modification proposal forms part of the end to end solutions put forward by the Customer Transfer Programme (CTP) and seeks to improve the efficiency, accuracy and robustness of the Change of Supplier Process by adding a new classification of meter read that can be accepted by the GT.

The Modification Proposal

This modification proposal seeks to introduce steps to make certain classifications of meter readings acceptable for the purposes of Supply Point Transfers. Specifically, the proposal seeks to:

1. For Smaller Supply Points, define a 'Point of Sale Reading' as a meter reading taken by an incoming supplier during the supply point transfer process but prior to the required date range for the Opening Meter Reading.
2. Requiring ESP to accept and record such a reading when submitted by the Proposing User after it has become the Registered User following the transfer date.

3. Requiring ESP to use such a reading, if required, to generate an Estimated Opening Meter Reading.

Respondents' Views

ESP received three responses in relation to this modification proposal. All respondents supported the implementation of the proposal as it is one of the outcomes of the CTP. Respondents also commented that the proposal should lead to fewer disputed opening/closing bills which will contribute to a more robust, accurate and timely Change of Supplier process.

ESP's Views

ESP states that they strongly support initiatives that improve the customer transfer process. They believe that this modification proposal will help to reduce the number of disputed closing invoices which will in turn facilitate competition in supply between domestic suppliers. In order to co-ordinate with implementation dates for other industry-wide initiatives ESP recommend an implementation date of November 2005.

Ofgem's Views

This modification proposal forms part of the solutions suggested by the CTP as a means of improving the customer transfer process. Ofgem is supportive of changes that contribute to a more efficient customer transfer process.

Ofgem's decision

Having considered the issues raised by this modification proposal Ofgem has decided to direct ESP to implement modification proposal 111, as it will contribute to the efficient and economic operation of the pipe-line system and to the fulfilment of the relevant code objectives, particularly Standard Condition 9.1 (c).

In accordance with condition 9 (9) (b) of the standard conditions of ESP's Gas Transporter's Licence, dated 1 April 2000, I hereby direct ESP that the above proposal (as contained in ESP's Network Code Modification report 111 dated 25 April 2005) be made as a modification to the Network Code.

If you have any further queries regarding this decision letter please feel free to contact Samantha McEwen 020 7901 7032.

Yours sincerely

A handwritten signature in black ink, appearing to read 'A. N. Simpson', written over a horizontal line.

Nick Simpson
Director, Modifications

