



Our Ref: Net/Cod/iPGT
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ESP Pipelines Ltd, Shippers and other parties.

Dear Colleague,

Modification Proposal ESPP105: Acceptance of meter readings taken remotely and from pre-payment meters.

Ofgem has considered the issues raised in modification proposal ESPP105 and has decided to direct ESP Pipelines Ltd (ESPP) to implement the modification. This letter explains the background to this modification proposal and explains the reasons for our decision.

Background to the proposal

ESPP seeks to review the provisions of its' Network Code on an annual basis in order to ensure both internal consistency and clarity and also consistency with Transco's provisions. Currently the ESPP Network Code does not include provisions for the acceptance of meter readings taken from Remote Reading Devices (RRD) and Pre-Payment Meters (PPM). This anomaly was identified as part of the annual review and this proposal seeks to address the issue.

The Modification Proposal

This modification proposal seeks to align some of the provisions relating to the acceptance of remote and pre-payment meter readings as valid reads with those currently used by Transco. Specifically, the proposal seeks to allow the acceptance of meter readings obtained from Gas Cards and Remote Reading Devices.

Similar provisions have previously been introduced into Transco's Network Code, via the implementation of modification proposals 683, 689 and 690 during August and October 2004.

Respondents' views

ESPP received two responses in relation to this modification proposal. Both respondents support implementation of the proposal with one supporting with the condition that the same valid values are used for Read Source/Read Reason as by Transco.

Ofgem's views

Ofgem supports measures that are put in place to improve the customer transfer process and this modification proposal represents a number of improvements. Acceptance of PPM and RRD reads should help to improve the accuracy of reads used for billing purposes. This will not only lead to more accurate customer bills but also to fewer disputed meter reads. Aligning ESPP's meter read provision with those of Transco will also help to facilitate competition between shippers and suppliers as it will increase the likelihood of accurate meter reads where a customer transfer occurs, again contributing to a more efficient and accurate customer transfer process.

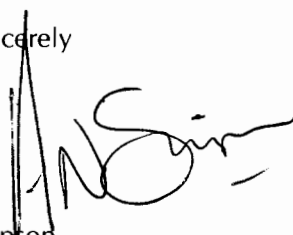
Ofgem's decision

For the reasons outlined above Ofgem has decided to direct ESPP to implement modification proposal ESPP105. Ofgem considers that the modification proposal will further the relevant objectives of the ESPP Network Code, as set out in Standard Condition 9 of the Gas Transporters Licence.

In accordance with condition 9 (9) (b) of the standard conditions of ESP Pipelines Ltd Gas Transporter's Licence, dated 27 July 2000, ESP Pipelines Ltd are directed to make the above proposal (as contained in ESP Pipelines Ltd Network Code Modification report ESPP105 dated 15 April 2005) as a modification to the Network Code.

If you wish to discuss any aspect of this decision, please do not hesitate to contact me on the above number or Samantha McEwen on 020 7901 7032.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Nick Simpson', written over a vertical line that serves as a separator between the text 'Yours sincerely' and the signature.

Nick Simpson
Director, Modifications

Signed for and on behalf of the Gas and Electricity Markets Authority (Ofgem)