

Our Ref: Net/Cod/iPGT
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British Gas Connections Ltd (BGCL),
Shippers and other parties.

13 April 2005

Dear Colleague,

Modification Proposal BGCL0033: Introduce and Enable the Use of a Point of Sale Reading.

Ofgem has considered the issues raised by this modification proposal and has decided to direct BGCL to implement the proposal as we believe that it will better facilitate the relevant objectives of BGCL's 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 Supply Points with an AQ below 293,000 kWh, 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 BGCL 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 BGCL to use such a reading, if required, to generate an Estimated Opening Meter Reading.

Respondents' Views

BGCL received four 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.

BGCL's Views

BGCL supports the implementation of this modification proposal. It is their view that the provision of a Point of Sale meter reading, while not directly meeting the confirming shipper's obligation to provide an opening meter read, may contribute towards a more efficient and robust transfer process. In particular, the provision of such a meter reading may help BGCL in providing more accurate Estimated Opening Meter Readings. BGCL believes that access to more accurate meter readings should lead to a more accurate and efficient transfer process which, in turn, will support the further development of competition between shippers and suppliers.

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.

The proposer of this modification has stated that the CTP initiatives are aimed at the domestic market and that BGCL have a higher threshold for 'larger' supply points than the traditionally used 73,200kWh because they do not operate in the non-domestic market. As such this proposal has a 293,000kWh threshold for defining 'Point of Sale' meter readings.

Ofgem is aware that larger sites could be affected by this threshold in the future and Shippers may want to review the situation if the application of the 'Point of Sale' read were to detrimentally affect billing for larger sites. If this were the case then shippers may wish to consider refining the application of Point of Sale meter reading via a further modification of the Network Code.

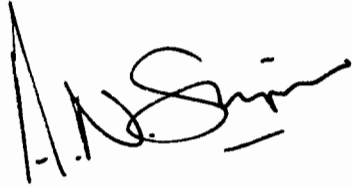
Ofgem's decision

Having considered the issues raised by this modification proposal Ofgem has decided to direct BGCL to implement modification proposal 0032, 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 British Gas Connections Ltd Gas Transporter's Licence, dated 21 February 1996, I hereby direct British Gas Connections Ltd that the above proposal (as contained in British Gas Connections Ltd Network Code Modification report 0033 dated 6 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 'N. Simpson', written in a cursive style.

Nick Simpson
Director, Modifications.