

OUTSTANDING ISSUES RELATING TO GMOWG DOCUMENTS

GAS POINT REGISTER (GPR)

1.2 Overview Assumption P7

This document, and all the other documents with the exception of the Transportation document assume that for the purpose of the documents point-to-point arrangements are assumed. It is our understanding that this paragraph should state that Entry/Exit arrangements are assumed.

Is this correct?

Response:

Sorry this was an error in the final drafting. Entry / Exit can be taken for the purpose of all GMOWG proposed Business Models documents as assumed. The change to entry / exit from point to point should have no impact on the business processes outlined in the models.

2.6.3 Process Background / Preconditions P28

Has a Supplier of Last Resort (Supplier OLR) process been developed? The current draft of the Supply/Shipper Licence provides for the appointment of a Supplier of Last Resort. How will this be managed via GMOWG processes?

Response:

This is a matter for the CER. The Transporter has outlined business processes to facilitate a 'Shipper of Last Resort' in both the Transportation Business Model and the GPR Business Model. As the Transporter has a contractual relationship with the Shipper – and not a Supplier – the issue of how to deal with a 'Supplier of Last Resort' event is outside the scope of the Transporters responsibilities.

BGT's understanding at the last GMOWG Phase 2 meetings was that the CER are to put proposals on how the Supplier of Last Resort should be handled. It should be noted that the Business Model and associated IT Process make no provision for dealing with the sub-Shipper entity 'Supplier'. Incorporating a Supplier of Last Resort or additional Supplier facilities in the GPRO or other processes would significantly extend the current proposed functionality, which has not been planned or budgeted for and which could jeopardise July1 delivery.

Change of Shipper Process (CoS)

The Commission request that Bord Gáis Transportation develop a proposal that lies between the options 'A' and 'B' as set out in Section 2.2 of the GPR paper. Any new proposal should be based on the following criteria:

- Transportation be kept whole in that the risk associated with capacity charges is minimised.
- The cash flow between the outgoing Shipper and the incoming Shipper is such that the gas cost, transmission capacity and transmission commodity are settled in full with respect to the actual date of transfer. For the avoidance of doubt the actual date is the effective date and not the date the GPR is updated with the incoming Shipper details.

Response:

It has been proposed by the CER, that the Transporter and Energy Supply have a meeting, chaired by a CER representative, to see if a solution can be found which addresses the issues and concerns of both parties, while also presenting an acceptable proposal for all interested parties. This meeting is scheduled to take place in early February.

The primary goal must be to maintain the integrity of the business process from a financial and gas management perspective and in terms that the end user believes is fair and understandable

METERING AND DATA SERVICES (MDS)

1.2 Overview Assumption P6

Same as note 1.2 in GPR.

Response:

Sorry this was an error in the final drafting. Entry / Exit can be taken for the purpose of all GMOWG proposed Business Models documents as assumed. The change to entry / exit from point to point should have no impact on the business processes outlined in the model.

1.3 Overview of Metering Data Services

Non-Scheduled Meter Readings, 4th bullet, P7

When will the suite of non-scheduled read charges be presented to the Commission for approval and what form will this proposal take?

Response:

These will be presented at the same time as the schedule of charges for siteworks, (i.e. draft by end of March, agreed by end of May) see below.

Estimation Point (ii)

Please detail if the method of calculating estimates mentioned is part of the FAR process or a separate process. If so, when will this process be brought to the attention of the Commission?

Response:

We confirm that the method of calculating estimates is part of the FAR process

Metering Data Distribution 2nd bullet, P8

How will these service levels be agreed?

Response:

BGT have always stated that the services levels will be discussed and agreed with the CER and we would see that being done on the same time schedules as for siteworks, (i.e. draft by end of March and agreed by end of May) see below.

Theft and Fraud Point (vii) P 9

How are the standard procedures to deal with incidents of tampering or suspected tampering to be established? The Commission will have to approve such procedures.

Response:

These would be developed by BGT, before the end of March 2004, for approval by CER

BTW: How many such incidents are reported to Bord Gáis per year?

Response:

This can vary from year to year, statistics for 2003 & 2004 are as follows: -

<i>Year</i>	<i>Illegal connections investigated & confirmed by Credit Control</i>	<i>Credit Locked positive reads investigated / confirmed*</i>
<i>2002</i>	<i>4</i>	<i>100-125</i>
<i>2003</i>	<i>10</i>	<i>125-150</i>

** figures are based on reports, which identify positive reads on credit locked meters. Figures are shown on validated instances*

2.7.2 Process Scope P33

How many meters are isolated annually and for how long?

Response:

On average over the last three years 8,400 meters were isolated per annum. Based on a sample representing 13% of meters isolated in a twelve month period, indications are that 31% were isolated for one month, that 56% were isolated for up to 12 months, that 3% were isolated for a period in excess of twelve months with the 41% balance remaining isolated indefinitely.

How many meters are disconnected annually and for how long?

Response:

On average over the last three years 680 meters were disconnected per annum. Based on a sample representing 15% of meters disconnected in a twelve-month period, indications are that 47% were reconnected within one month that 94% were reconnected within twelve months and that 1% were reconnected after twelve months with the 5% balance remaining disconnected.

What is the effect on the overall Bord Gáis Transportation capacity revenue if no capacity charge is levied when a meter is isolated?

Response:

The general policy at the moment is that a supply point capacity will be charged to the registered shipper as long as a meter is connected to the supply point. This is a similar policy to that in Great Britain and the tariff is based on this principle.

The capacities are recalculated every year (around June) and apply from the start of the next gas year - 1st October. Therefore all meters isolated greater than July the previous year to June in the current year will have a zero capacity and hence no capacity charge. Those locked within the year will continue to pay the current charges until they are unlocked or until the end of the gas year.

The current average capacity charge is €160 for a domestic customer.

The sample shows that of the 8400 meters locked in a year that 44% will be locked for greater than 1 year. Therefore in the year of locking they will pay an average ½ year's capacity charge €80 per site €296k in total

The sample shows that 56% of meters were locked for less than a year – with 31% locked for 1 month and thereby 25% locked between 1 and 12 months. Applying a similar principle will result in the 1 month locked meters paying €35k and that the

remainder locked for ½ year on average resulting in locked revenue of €168k and €203k in total.

This gives an overall total of €499k capacity revenue (€296k + €203k) anticipated to be received from isolated meters

Those locked at the start of a gas year will still have a shipper registered and will have a capacity assigned. The code of operation will permit capacity appeals. Disconnected meters will cease paying transportation charges on disconnection. Though a disconnection charge will apply.

However, the CER should not lose sight of the fact that the current propensity to utilise locking / unlocking of meters for Credit Control purposes arises directly from the fact that all this activity is effectively free to the Shipper currently.

The activity generates substantial operations costs that are recovered through the tariff. In many instances locking is conducted to satisfy the requests of customers or landlords and not because of a "real" exposure

If Shippers were less inclined to have meters locked in the first instance then it would be less of a concern how long on average meters remain locked and whether any transportation costs arise as time goes by! Allowing Shippers to escape the transportation cost associated with keeping a meter locked would send a perverse signal that could further increase the propensity to lock!

Also, a meter that remains locked remains a cost generator for Distribution - it is still part of the meter read cycle.

What are the activities and costs associated with disconnecting a meter? E.g. physical cost, storage, re-calibration and refitting.

Response:

Activities would include removal of meter, capping off of service, recording of closing meter read, receipt of meter back into stores.

Costs are subject to separate review along with other siteworks costs – see below.

TRANSPORTATION

2.4.1 P19 & 2.14.1 P48 final bullet

Same point as MDS 2.7.2 above.

Response:

See answers given under MDS 2.7.2

SITWORKS

2.2.2 Process Scope P14

When will the Siteworks Agreement to be issued to the Commission for approval?

Response:

According to BGT's Market Opening Implementation Plan – Develop Siteworks Agreement is scheduled as follows: -

- *Draft agreement ready to send to CER at end of Match*
- *Agreed Siteworks Agreement by end May 2004 for 1st July implementation,*

(If Implementation is not required until 1st October these dates may be subject to change).

2.2.4 Step through of process P 15

Potential Shippers must obtain a Natural Gas Shipping/Supply Licence rather than a Supply licence as stated.

Response:

Document will be changed to reflect the above.

How will signing a Siteworks Agreement with Bord Gáis Transportation work for Bord Gáis Energy Supply, as both are the one legal entity? Will a SLA/framework agreement be signed instead?

Response:

Bord Gais Transportation will treat all Shippers equally. However in light of the one legal entity situation Bord Gais Energy Supply will need to sign up to a detailed Service Level Agreement rather than a Siteworks Agreement / Contract as outlined in the Siteworks Business Model. This Service Level Agreement will in detailed mirror the Siteworks Agreement / Contract that other shippers sign up to. All documents will be submitted to the CER for review and agreement.

2.2.4 P 21

When will the schedule of rates for Siteworks activities be submitted to the Commission for appraisal and approval? The document should reflect that this is the case.

Response:

According to BGT's Market Opening Implementation Plan – Develop of Siteworks Charges is scheduled to be available for discussion with CER by end of March, and finalised by end of May for 1st July 2004 implementation.

(BGT are currently involved in a tender process with their external contractors to award a new Period Contract. This process is not due to be completed before March 2004)

The Siteworks Business Model document has been changed to reflect “submission to the Commission for appraisal and approval”

2.4.4 P 31

In the case of cancelled or abortive visits initiated by Bord Gáis will there be a charge or levy imposed against Bord Gáis?

Response:

This is related to performance and service delivery, which will be discussed separately with BGT and the CER. It is anticipated that performance & service delivery criteria will be submitted and agreed with the CER on a similar timescale to the Siteworks Agreement and Siteworks Charges (i.e. Initial draft by end of March and finalised by end of May).

FORECASTING, ALLOCATION AND RECONCILIATION (FAR)

2.2.1 Related High Level Principles P14

The document should more clearly reflect the affect of weekend effects and its impact on overall A and B allocation process is to be reviewed in light of additional logged data currently being gathered. This with particular regard to the smaller I&C loads with AQ <73 GWh. It should also reflect that if the derived value of A is negative, as it was agreed at the GMOWG meeting 11 December, that they would be set to zero.

Response

Weekday/Weekend/Bank Holiday Effect

The Forecasting Allocation and Reconciliation (“FAR”) Work Group acknowledge the concerns expressed at previous Gas Market Opening Work Group (“GMOWG”) meetings, in relation to the Weekdays (“WD”) and Weekend/Bank Holiday (“WD/BH”) effect on the consumption patterns of residential and Industrial/Commercial (“I/C”) customers.

The FAR Work Group agreed at the last GMOWG meeting on the 11th December 2003, to prepare a series of reports to quantify the impact of the WD/WE/BH effect on residential and I/C customers. It issued the first such report to the GMOWG on 5th January 2004 which summarised the WD/WE/BH effect for residential customers. The FAR Work Group will issue a second report before the end of January 2004, which will:

- *Quantify the WD/WE/BH effect for the I/C customers; and*
- *Provide an updated quantification of the WD/WE/BH effect for residential customers.*

The FAR Work Group has also committed itself to produce a modified FAR Business Model, which will take account of the WD/WE/BH effects (based on the above analysis) for consideration at the next GMOWG meeting.

Negative Shipper Allocations

Again the FAR Work Group acknowledges the concerns expressed at previous GMOWG meetings in relation to the potential for negative shipper allocations. This is due to the possibility of sufficient negative daily consumption estimates arising at the GPs registered to a specific Shipper when the AWDD value approaches zero that, in sum, they out-weigh the sum of the non-negative estimates. The FAR Work Group is again fully committed to presenting a modified FAR Business Model for consideration at the next GMOWG meeting, which will hopefully address these concerns.

The FAR Work Group would, however, strongly advise AGAINST the suggested solution of setting any negative A factors to zero. *This would distort and, therefore, compromise the statistical basis, which underpins all of the FAR processes. This would obviously have follow-on consequences for the accuracy of the resultant allocations from the FAR processes.*

The preferred solution of the FAR Work Group is instead to set any negative shipper(s) allocations to zero and apply a pro-rata adjustment to the other shipper allocations to ensure the same total Non-Daily Metered (“NDM”) allocation. The original negative allocation(s) would also be posted to the shipper(s) reconciliation account to ensure that the allocations at the Gas Point (“GP”) level would also be effectively set to zero, when reconciling the daily GP allocations with the actual meter readings. This proposal will be explained in full detail at the next GMOWG.

2.2.5 Table 1 P16

With regard to the load factors in the table the Commission would like to obtain:

- The data from the residential daily logged sample <73 GWh
- The data from the analysis from the first 7 categories in Table 1.

Response

The FAR Work Group will be pleased to provide the Commission for Energy Regulation (“CER”) with the underlying data, which provided the basis for the Residential Sample Analysis Report – circulated to the GMOWG on 5th January 2004. The proposed default Annual Quantities (“AQ”) presented in the first seven categories of Table No.1, p16 of the FAR Business Model were actually taken from a corresponding National Grid Transco (“NGT”) Table. The corresponding peak-day capacity was derived by applying a single Load Factor (“LF”) of 32.5% to these AQs. The choice of LF for these categories was based on that used during the Distribution Tariff Review for these customer categories.