


**Encouraging Participation in the elective gas Daily Metered Regime**


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## Background



- Objective is to optimise use of AMR for business in a daily forecasting and settlement regime
- UNC Modification 088 (Total)
  - Scope for all I&C customers to participate (>2,500 therms)
  - AMR based daily forecasting and settlement regime
  - Create a new category of site, Hybrid DM(AMR)
- Modification rejected because:
  - Insufficient information relating mainly to:
  - Meter Read frequency not based on the true capability of AMR
  - Shipper obligations too light
  - Uncertain take-up relative to cost
- Proposed regime lacked stability
  - Ability to flip-flop between NDM/DM

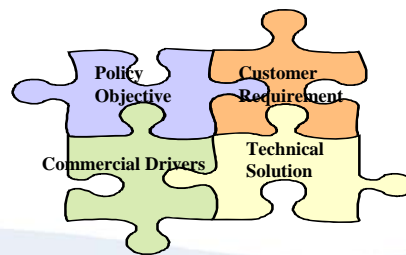


## Jigsaw

### ■ Berr H Outcome of consultation November 2007 on Billing and Smart Metering

- Mandate of Smart Metering (AMR for business) to all gas sites above 732 MWh
- Rollout to be complete by 2012
- Technical solution
  - Commercial AMR widespread in the market
  - Interoperability issues need to be addressed possibly by self-governance
- Commercial driver = optimum solution = Customer Benefit
  - Flows used in settlement regime

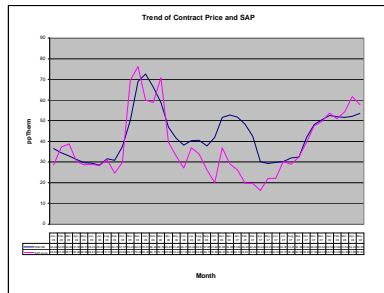
Industry solution must encompass



## Industry Review Proposal 175 – Encouraging participation in the elective DM regime” Gaz de France ESS

- Encourage wide industry participation via initial review group rather than a firm proposal
- Objective is to deliver a cost effective and workable regime
  - Deliver benefits for customers
    - ï Cost savings for multi-site and single site
    - ï Daily/Real-time information provision to enhance awareness and enable energy efficiency
    - ï Offer new and enhanced products and services
    - ï Enable more accurate billing from suppliers
  - Reduce reconciliation risk for shippers
    - ï Tie in daily forecast and settlement regime
    - ï Shippers have commercial incentive to forecast accurately and eliminate forecast error

## Commercial incentives for shippers



### Reduce reconciliation risk for shippers

- Transporter demand forecast error consistent 3% average over-deeming
- Risk is forward contract price vis System Average Price
- Risk can be eliminated by a joined up Daily Metered regime

## Barriers to Participation

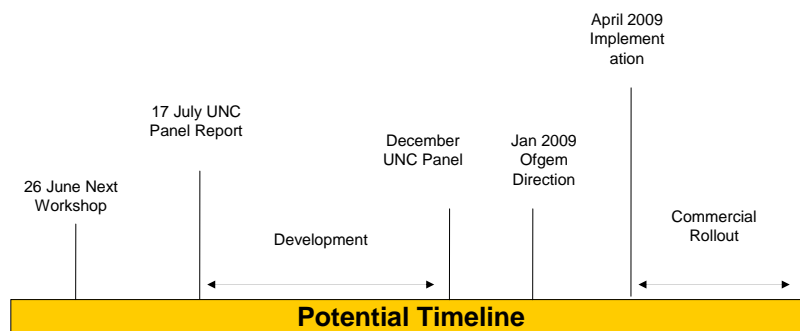
NDM Band	Meter count (total)	Elective DM	% Elective DM
Bands 2-4	413,004	42	0.01%
Bands 5-8	23,870	1,301	5.45%
Total	436,874	1,343	0.3%

- Cost of Being Daily Metered G800 pa
- Technical Barrier H aged meters with no pulsed output 50-60% of portfolio
- Penalty charges H Capacity related ratchet charges
- Onerous operational process and obligations
- Central settlements system capacity

## Optimal benefit from change

- Changes should be economic for suppliers and customers and should be achieved through
  - Best use of existing systems and processes
  - Using reliable technology that meets supplier and customer expectations
  - Enabling suppliers to act as their own (or sub-contract) Daily Metered provider
  - Ensure obligations and commercial incentives are appropriately placed and weighted
- Key decisions
  - Phased approach to optimise short term capability of AMR market and capacity of central settlement systems
  - Inter-operability of devices to ensure no risk of stranded assets/data as a result of competitive change of supplier

## Progress and timetable for development



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