

Transco Consultation Report on PC43

Charging for Shipper Services

1. **TRANSCO'S INITIAL PROPOSAL**

In Consultation Paper PC43 Transco proposed that no changes should be made to the tier(s) that individual shipper services are reflected in. No change was proposed in the methodology of reflecting CPM costs as a rate per supply point which is dependent on the market sector. However, it was proposed that the level of CPM charge for each type of supply point be revised to a more cost reflective level.

2. **SUMMARY OF RESPONSES**

In total there were ten responses that referred to PC43, eight from shippers, one from an end user and one from an end user association:

Six of the ten respondents supported the principle of more cost reflective charges. There was support for the general reduction in shipper service related charges. There were however concerns about the quality of services offered.

2.1 **Quality of Transco's Service Comments Received**

Three respondents commented on the quality of services provided particularly for I&C supply points. There was concern that the quality of data increased the number of CPM queries and the time taken to resolve queries. For example, there was a suggestion of a high incidence of duplicate/missing meters.

Transco's Response

Transco's target on query resolution is that 80% of queries should be cleared within 20 working days. Transco's performance on query resolution has improved from 53% in December 1998 to 79% in April 1999.

Data has been collected on the costs of different types of query. In the calculation of the CPM related charge, the cost of any particular type of query has been assumed to be independent of the market sector. The differential charges for the market sectors reflect the differing mix of query types across the sectors. Recent data shows that less than 7% of total query costs are incurred by queries concerning duplicate meters.

2.2 **Cost Reflectivity Comments Received**

Four of the respondents supported the move towards more cost reflective charges.

2.3 **CPM Costs Comments Received**

One respondent supported the revised CPM element of the charge but questioned whether the IS and depreciation costs should be apportioned as a flat rate per supply