

May 2000

TRANSCO PRICING CONSULTATION PAPER PC55

Charges for Daily Meter Readings

Summary

Daily Metered (DM) supply points, as defined by the Network Code, presently pay standard datalogger charges of £436 per annum per datalogger and £8.46 per supply point for an annual check read. The annual charge of £436 reflects both the cost of providing, installing and maintaining the datalogger itself and the cost of providing the daily reads. With the separation of Transco's price control into Transportation, Metering and Meter Reading the datalogger charges need to be split into their Metering and Meter Reading elements.

PC54 contains proposals for disaggregated charges for the provision, installation and maintenance of dataloggers.

This paper sets out Transco Meter Reading's proposals for charges for the provision of the daily meter readings to shippers. This includes a validation and query service. Respondents are invited to give their views on the proposed charges for daily meter readings supplied by Transco Meter Reading (MR).

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1. INTRODUCTION

At present around 9% of the total of 26,200 operational dataloggers are designated as DM dataloggers for Network Code purposes, and shippers pay a charge of £436 per datalogger per annum for the DM service.

Transco MR has reviewed the costs of providing the daily meter readings to shippers. This paper presents the results on a total cost and a cost per DM datalogger basis.

Transco MR proposes to continue with the present structure of an annual charge levied on a daily basis, and the methodology is consistent with that used to derive the present charge.

2 COST ANALYSIS

The costs associated with providing daily meter readings can be split into two categories: datalogger administration (including a query service); and line rental and call charges.

2.1 Datalogger Administration

These costs relate to the operating costs of the section within Transco MR which deals with the collection of the readings, datalogger administration and queries. The costs detailed below relate to Daily Metered (DM) supply points only.

For the purpose of this paper costs have been calculated from Transco MR's 2000 Budget, which reflects expected costs during that year. (ABC data is not available for DM dataloggers alone.) More detail on these figures is shown in Appendix 1. Transco MR believes that this is the appropriate measure of likely, forward looking attributable costs for these activities.

The annual direct labour cost for DM dataloggers within Meter Reading is £243,928. An uplift of 150%, based on the 1999 ABC costs has to be applied to cover non-labour direct costs and support and sustaining costs. The uplift is consistent with the methodology for calculating costs for specific services outlined in Transco's May 1999 paper - Charging for Specific Services - Cost Assignment Methodology. (This paper is not being republished because the methodology is unchanged.)

The Meter Reading annual cost of providing the DM datalogger service after applying the uplift is therefore £609,820. On the basis that there are 2,442 dataloggers at DM supply points this would give an average annual administration cost of £250.

In view of the fact that this represents a significant increase over the current level of the administration element of the datalogger charge (£206 p.a.), Transco proposes the increase be phased in over two years, with the charge from October 2000 being £228 p.a. The costs will then be reviewed again next year before the second stage of the increase is introduced.

2.2 Line Rental and Call Charges

Each datalogger has a BT PSTN business line with the 'standard care option' which guarantees repairs by 5pm on the day following a fault being reported. The charge for this service is £152.76 per datalogger per annum. Currently these lines are rented from BT, so increases or decreases in these charges are subject to BT's pricing regime.

Typical call charges amount to £9.31 per datalogger per annum. This gives a total annual cost of £162.07 per datalogger per annum for line rental and call charges.

2.3 Total Meter Reading Charge per DM Datalogger

The proposed total annual charge per DM datalogger for 2000 is the sum of the costs listed above, taking into account the proposed phasing of the administration cost.

Administration charge	£228
Line rental and call charges	£162
Total charge per DM datalogger	£390

3. PROPOSED CHARGE PER DM DATALOGGER

Transco MR therefore proposes that the charge for this service is £390 per DM datalogger per annum. This charge would include the annual check read so that the separate charge for the annual check read would cease.

QUESTION FOR CONSULTATION

Respondents are invited to give their views on the proposed charge when Transco MR provides a daily meter reading service from a DM datalogger.

APPENDIX 1

2000 MANPOWER COSTS FOR DAILY METER READINGS FROM DM DATALOGGERS

	£
Direct Manpower costs	243,928
Uplift @150%	365,892
Total	609,820

Notes:

- 1 The manpower costs are based on 11 operational staff plus 2 first line managers for DM datalogger administration.
- 2 The support and sustaining uplift includes costs for items such as office costs and local facilities.
- 3 The support and sustaining uplift also includes costs for the Licence and a comprehensive support service for the datalogger system.