

Mr Bob Fletcher  
Secretary, Modification Panel  
Joint Office of Gas Transporters  
51 Homer Road  
Solihull  
B91 3LT

4<sup>th</sup> March 2011

Dear Bob

**RE: UNC Modification Proposals 0353, “Population and Maintenance of the Market Sector Code within the Supply Point Register”**

1. British Gas supports the implementation of Modification Proposal 0353 and agrees with the Proposer that it will better facilitate competition between Shippers by enabling future Uniform Network Code (UNC) services to be targeted at the either the domestic or non-domestic sectors.

*Facilitating Competition*

2. The domestic and non-domestic sectors are subject to different regulatory and legislative regimes and without visibility therefore of how each site is categorised it is difficult to design future services which comply with all relevant provisions without diluting the benefit to one sector or another. For example, the provisions within the Data Protection Act apply differently to domestic and non-domestic customers meaning that any future Proposal which seeks to increase the use of data may not be able to proceed unless it can explicitly exclude domestic customers. As we ourselves found with Modification Proposal 0253<sup>1</sup>, this is often not possible.
3. The issue is not limited to just the Data Protection Act. We agree with the Proposer that key pieces of regulation and legislation such as the Gas Supply Licence, The Gas Act, The Gas and Electricity (Consumer Complaints Handling Standards) Regs, The Supply Point Administration Agreement, and The Consumers, Estate Agents and Redress Act all refer to either domestic or non-domestic customers and as such may potentially conflict with future

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<sup>1</sup> Modification Proposal 0253 sought to allow Shippers to access Large Supply Point (LSP) customer data in real time to better enable the acquisitions process. One of the reasons it was rejected was that the Network Owners could not find a mechanism to exclude domestic LSP sites from the scope of the solution.

UNC Proposals which seek to differentiate services based on “Large” or “Small” customers<sup>2</sup>.

4. By providing the market with visibility of which sites are domestic and which are non-domestic we envisage that service providers, including the Network Owners and their agent, xoserve, may in future to offer a wider variety of services to the market based on the different regulatory and legislative regimes which cover domestic and non-domestic customers. We consider that this should encourage innovation which in turn will secure better competition between Shippers.
5. We also agree with the Proposer that Modification Proposal 0353 could enable greater segmentation of the market by combining the traditional Annual Quantity (AQ) segmentation with the new Market Sector Code (MSC) segmentation to create new classes of customers such as small domestic, large domestic, small non-domestic and large non-domestic. This should in turn allow industry parties to get better visibility of how industry and end user performance breaks down between the various types of customers, again potentially leading to new opportunities for each. We believe such developments will also help secure better competition between Shippers by encouraging greater innovation.

#### *Assessment of Relevant Objectives*

**Standard Special Condition A11.1 (d): so far as is consistent with subparagraphs (a) to (c) the securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers;**

6. As above, we consider that the ability to better segment the market between domestic and non-domestic classes will enable future Proposals to be better targeted at those groups of customers who will benefit from change. This in turn will lead to greater innovation in the services provided to customers under the UNC and thus better secure effective competition between Shippers who offer those services.

If you have any queries relating to this representation, please do not hesitate to telephone me on (07789) 570501.

Yours sincerely

David Watson  
Regulatory Manager, British Gas

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<sup>2</sup> Gas sites are currently classified in the UNC as either being Large, i.e. >73,200 KWh usage p/a or Small, i.e. <73,200 KWh p/a. Issues arise when Domestic sites have an Annual Quantity (AQ) of >73,200 KWh and when non-domestic sites have an AQ of <73,200 KWh.