

Terms of Reference – V1.0
UNC Modification Reference Number 0162
Review of information provision to Shippers in respect of forecasting the future path of transportation charges.

Purpose

A Uniform Network Code Review Group is required to review the current UNC arrangements regarding information provision to Shippers in respect of forecasting the future path of transportation charges.

Background

In order to assist in the management of transportation price risk faced by Shippers and Suppliers, Users need additional information to be supplied from the Gas Distribution Networks (GDNs) and NTS. This information would extend, and, in future, possibly replace, that already provided under the terms of Modification 0698 to Transco's Network Code. The aim of the information provision is to assist Users in forming an informed view of the likely future path of transportation charges which can then be appropriately reflected in supply charges. By reducing the risk faced as a result of uncertainty regarding the future level of transportation charges, effective competition would be facilitated to the benefit of consumers.

The primary objectives proposed for the review group are to reinforce equal access to meaningful information for all participants in a usable format, to increase information transparency and facilitate the provision of choice to customers by supporting competition.

The Review is intended to take a wide ranging view of the longer term transportation reporting requirements of Users from April 2008 and onwards through the next price control review period and beyond.

Scope

The Review Group should consider the information which it would be appropriate for the Transporters to publish. The information would relate, among other things, to:

1. the projected maximum allowed revenue permitted to be collected under the terms of each price control formula
2. the projected level of revenue which was anticipated to be collected at the time when transportation charges were set
3. the actual revenue collected during the year
4. an assessment of the causes of discrepancies between 2 and 3 above
5. an assessment of any movement in the projected maximum allowed revenue

It is also proposed that the Review Group considers the information to be provided in relation to all aspects of transportation charge generation, for example, reporting against all relevant incentives which affect the revenue collected by the Transporters

and tracking the movement in allowed and collected revenue over time. The Review would also cover the frequency and format of information provision.

Deliverables

The Group is asked to consider:

- Carrying out a data exercise on relevant information currently made available to Shippers
- On the information above, identifying the continuing relevance and any improvements required
- Identifying additional data items and timescales for provision together with an assessment of the expected benefits
- Assessing the likely costs of reporting provision and the best mechanism for delivery and formal publication.
- Assessing how the proposed changes better facilitate the relevant objectives
- Identifying how this information impacts on prices
- Identifying next steps and a suggested timescales

A Review Group Report will be produced containing the findings of the Review Group in respect of the work identified above and making any recommendation that has consensus within the Group in the form of a Modification Proposal.

Limits

The Review Group will consider changes required to the following:

- Uniform Network Code.

The Review Group in its initial phase will not concern itself with:

- Detailed changes required to processes and procedures
- Detailed changes required to existing systems
- Development of detailed business rules

Composition

The Review Group will comprise the following representation

Name	Organisation
Julian Majdanski (Chair)	Joint Office of Gas Transporters
Helen Cuin (Secretary)	Joint Office of Gas Transporters
Alison Russell	British Gas Trading
Alistair Watson	Scottish Power
Brian Durber	E.ON Energy
Chris Logue	National Grid NTS
Dennis Timmins	RWE Npower
Laura Lyons	Scottish Power

Lorraine Goodall	Scotia Gas Networks
Michael Painting	Total Gas & Power
Nick Wye	Waters Wye Associates
Phil Lucas	National Grid Distribution
Simon Trivella	Wales & West Utilities
Stefan Leedham	EDF Energy
Stephen Marland	National Grid Distribution
Steven Edwards	Wales & West Utilities
Tim Davis	Joint Office of Gas Transporters

Others may attend any meeting subject to the agreement of the Chair, consistent with the Chairman’s Guidelines.

A Review Group meeting will be quorate provided at least 2 Transporter and 2 User representatives are present.

Information Sources

- Uniform Network Code – Sections (to be identified).
- GT, Shipper and Supplier Licences.
- GT Transportation Charging Methodologies
- Gas Act.
- Various Industry legislation as appropriate – may include reference to:
 - Gas Safety (Installation & Use) Regulations.
 - Gas Safety (Management) Regulations.
 - Industry Codes of Practice as relevant.

Timetable

It is proposed that a maximum period of six months be allowed to conclude this review, with a final Review Group Report presented to the UNC Modification Panel no later than January 2008.

Note:

- Frequency of meetings – monthly. The frequency of meetings will be subject to review and potential change by the Review Group.
- Meetings will be administered by the Joint Office and conducted in accordance with the Chairman’s Guidelines.