



*Promoting choice and
value to customers*

The Joint Office, relevant Gas
Transporters and other parties.

Our Ref: Net/Cod/Mod/UNC033
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Dear Colleague,

UNC Modification Proposal 033: 'Notification to Users of Emergency Incidents - Impacts on Code Communications.'

Having considered the issues arising from this modification proposal and having regard to its statutory duties¹, Ofgem² has decided to direct the implementation of this modification, as we believe that it will better facilitate the achievement of the relevant objectives of the Uniform Network Code (UNC), as set out in standard special condition A11 of the relevant Gas Transporters Licences. In this letter we explain the background to the modification proposal and outline the reasons for making our decision.

Background to the proposal

The procedures for handling emergency incidents sit outside the UNC and are contained within a number of National Grid Gas (NGG, formerly known as Transco) documents. These procedures are commonly referred to as the 'Shipper Incident Communication Procedures' (SICP). Modification Proposal 649³ was given Authority approval on 20 November 2003. This proposal amended the UNC so that it makes specific reference to the externally available documentation which details the operational procedures for dealing with emergency incidents.

So as to comply with modification proposal 649 NGG made the decision to develop an internet based incident reporting system which would enable NGG and Users access to information during an emergency incident in accordance with the document 'Schedule for Shipper Communications in Incidents of CO Poisoning, Gas Fire/Explosions and Local Gas Supply Emergency' (referred to in the UNC as the 'Shipper Incident Communication Procedure 1'). This document was introduced within the remit of modification proposal 649, which Ofgem understands was implemented on 1 October 2005.

¹ Set out in Section 4AA of the Gas Act 1986, as amended.

² Ofgem is the Office of the Gas and Electricity Markets Authority. The terms 'Ofgem' and the 'Authority' are used interchangeably in this letter.

³ 'Referencing incident notification governance within the Network Code'.

The Modification Proposal

This modification proposal seeks to extend the current allowable forms of communication, as prescribed in Section B, paragraph 5.1 of the UNC General Terms, to include internet and email so that relevant transporters may comply with the provisions detailed within the SICP (introduced via the implementation of modification proposal 649).

Respondents Views

The Joint Office received 9 responses in relation to this modification proposal all of which expressed broad support for implementation.

Expressions of support highlighted the improved operational efficiencies that could be gained with the use of an internet based communication system where emergency incidents occur. One respondent also stated that "internet/email communications enables real time updates to Users of critical events" while another felt that the use of an internet based system would improve the "quality of information available to shippers and customers".

Some respondents, however, did express reservations. In particular there were concerns that other GTs (excluding NGG) may not choose to adopt the same incident reporting procedures as that of NGG, which could lead to fragmentation and increased overheads for some Shippers. Furthermore, there was concern that adequate contingency arrangements should be in place should the internet based system fail or where fax/phone/post forms of communication are retained as the norm.

One respondent also expressed some concern regarding the security of internet and email facilities and requested that this issue be considered by the Joint Office.

Panel Recommendation

At the modification panel meeting of 20 October 2005, several panel members considered that this modification proposal could be expected to further facilitate relevant objective d) *securing effective competition between relevant gas shippers and gas suppliers*. Of the 9 voting members present, capable of casting 10 votes, 9 votes were cast in favour of implementing this Modification Proposal; therefore, by panel majority, the implementation of this proposal is recommended.

Ofgem's Views

Ofgem supports the use of internet and email facilities where they bring efficiency gains. This modification proposal will allow NGG and Shippers to comply with the terms of the SICP by extending the allowable forms of GT/Shipper communication to include internet and email.

Ofgem understands the concerns of some respondents with regard to the potential fragmentation of communication between GTs and Shippers during an emergency event. However, in a note issued by the Joint Office on 16 September, the DN Operators confirmed that for the majority of cases a fax/phone based system of incident reporting would be used. One DN confirmed that email notifications are used when incidents occur during office hours. Another DN confirmed

that given rarity of such events, there were no plans to develop or implement web based incident reporting systems.

Ofgem also acknowledges the concerns raised regarding the issue of internet and email security. Ofgem would expect a level of security to be put in place that is proportionate to the sensitivity and commercial nature of the material and which still allows for quick and effective access to such information in an emergency.

Ofgem notes that that panel recommended implementation of this proposal on the grounds that the proposal would better facilitate the achievement of relevant code objective d) the securing of effective competition. To the extent that this proposal may allow shipper efficiencies and facilitate an appropriate response to consumer queries etc, Ofgem would agree that this proposal may have a marginal benefit for effective competition. However, as this proposal is focused upon improving the means of communicating Emergency Incidents, Ofgem considers that this proposal further facilitates relevant objective f) *the promotion of efficiency of implementation and administration of the UNC.*

Ofgem's decision

For the reasons outlined above and having had regard to its statutory duties, Ofgem considers that implementation of this proposal would better facilitate the achievement of the relevant objectives of the UNC, as outlined in special condition A11 of the Gas Transporters Licence, in particular f) *the promotion of efficiency of implementation and administration of the UNC.* Therefore, Ofgem directs that UNC modification proposal 033 be implemented.

If you would like to discuss this decision letter please feel free to contact me or Samantha McEwen on 020 7901 7032.

Yours sincerely



Nick Simpson
Director, Modifications