

TRANSCO NETWORK CODE MODIFICATION PROPOSAL No. 0514

"Revision of Transco Network Code Standards of Service"

Version 2.0

Date: 17/01/2002

Proposed Implementation Date: 01/04/2002

Urgency: Non-Urgent

Justification

The existing Standards of Service arrangements, implemented following Modification proposal 204 have not been changed significantly since implementation on 1 August 1999. In November 2000, Modification 385 became effective which added a standard on adjustments to GRE invoices.

With the advent of Unbundling of Transco's core services, a number of these standards are no longer relevant.

With the benefit of 2 years experience of the current standards it is evident that a number of the current standards are not structured in a manner which effectively incentivises Transco in their service delivery.

This Modification removes those areas from the Standards regime which are now subject to competition, it adjusts the structure of those standards which are still applicable and it introduces standards aimed at improving the customer transfer process and resolution of queries.

Nature of Proposal

The modification proposes a standards of service package structured as follows:-

Absolute Limitation of liabilities (cap)

2% of Allowed Revenue (all GT activity) ($2\% * £2.5bn = £50m$)

[Alternative 10% of profits ($10\% * \text{approx } £1,000m = £100m$)]

Division of liabilities into sub-caps

It is proposed that there would be no division of the liability types into sub-caps but that a sub-cap be applied to each of the customer types, "Domestic" and "Industrial & Commercial". This would ensure that a major failure in one area would not preclude liabilities being paid to the other customer area. It is proposed that the customer definition flag is applied for this purpose and not rely on future on the consumption threshold of 73,200kWh.

Sub-cap for incentives related Domestic customers £30m (£60m)

Sub-cap for incentives related to I&C customers £30m (£60m)

Specific concerns to be addressed in the drafting for the standards:-

- Any standards where a Shippers performance is relevant to the process will be covered by a "shadow log" type arrangement, where any shipper failure will reduce the target performance standard applied to Transco.

- An agreed standard definition of a valid query be developed by the SoS sub-committee
- Standards applicable to query management will encompass all queries submitted; relating to CPM, LDZs, Invoicing etc.
- All standards should relate to outputs, ie the delivery of the service not with Transco's internal processes involved with provision of the service

Table of proposed Standards and Incentives (all incentive payments are cumulative)

Item	Sub-cap	Proposed Standard	Failure	Incentive Payment
Existing Standards modified				
Provision of DM Meter Reads	I&C	99%	by 11.00 D+1 Subsequent >D+7	£50 per SP £100 £100
Production of CV data to shippers	I&C	100%	by 16.00 and any revision prior to close out >12 days	£500 per shipper, per event £100 per day >12 days
Provision of a valid offer following referral to LDZ	I&C	100%	>1m >2m (invoice month following resolution of suppression)	£40 £60
Suppressed reconciliation DM (NB this standard excludes those suppressed items covered by USVR arrangements)	I&C	100%	>1m >2m	£20 £30
Suppressed reconciliation NDM (NB excludes those suppressed items covered by USVR arrangements)	I&C	100%	>1m >2m	£20 £30
Interest on GRE Payments Same structure as per Mod 385, (too complex to include in this table)	I&C Dom			
Agreed site visits ("Agreed" to be defined but to include Site visits arranged as a result of a query submitted)	I&C Dom	(100%)	Appointment not kept	£100
File format – Consult on proposed change, give notice of change, failure to implement change	I&C Dom	100% 100% 100%	No consultation No notice Not implemented	£1,000 per shipper, per failure
Gas not made available (I&C) (DM) (NDM)	I&C		Each day without supply	Greater of 10x Annual Capacity or £500 or £50

Failure of Transco System interfaces	I&C Dom			
• UK-Link		100%	Per day or part day	£1,000
• AT-Link		100%		£1,000
• RFI		100%		£1,000
• Internet Applications		100%		£1,000
(Conquest, Registered User Services)				per shipper

Proposed New Standards

Request for information and M Number Bureau

Other than telephone enquiry		100%	<50 requests, by D+1	none
Other than telephone enquiry		100%	51-150 requests, by D+2	none
Other than telephone enquiry		100%	>150 requests as agreed	none

Query Resolution *

I&C Queries resolved	I&C	90%	4days	£10
	I&C	95%	10days	£20
	I&C	99%	20days	£100
	I&C	100%	>20days	£200 pcm
Domestic Queries resolved	Dom	90%	4days	£5
	Dom	95%	10days	£10
	Dom	99%	20days	£20
	Dom	100%	>20days	£50 pcm

Data Quality

In the event that a data discrepancy is discovered following a previous query being raised to correct this error				Original query is re-opened with original date
Request site visit solely for data validation	I&C and Dom	100%	Visit not carried out at appointed time	Cost of site visit

* NB Transco's current voluntary standard on responding to queries is a 5 day response to a 90% performance standard, the payment is "discretionary"

Purpose of Proposal

To amend the current Standards of Service package contained within Transco's Network Code to take account of the effect of competition in certain areas and to reflect the needs of Transco's customers in directing their resources to the delivery of an acceptable level of service.

Consequence of not making this change

The Standards of Service and Liabilities regime currently within Transco's Network Code will remain unfocussed. The standards will continue to apply to contestable services and areas that are inappropriate to the existing incentive package.

Area of Network Code Concerned

Various

Proposer's Representative

Mike Young (BG Trading)

Proposer

Mike Young (BG Trading)

Signature

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