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to customers*

Shippers, Transco and Other Interested Parties

Your Ref:
Our Ref: Net/Cod/Mod/0649
Direct Dial: 020 7901 7354
Email: industrycodes@ofgem.gov.uk

20 November 2003

Dear Colleague,

Modification proposal 0649 'Referencing incident notification governance within Network Code'

Ofgem has carefully considered the issues raised in modification proposal 0649 'Referencing incident notification governance within Network Code' and has decided to direct Transco to implement the modification as we believe that it will better facilitate the achievement of the relevant objectives of Transco's Network Code. In this letter, we explain the background to the modification proposal and outline the reasons for making our decision.

Background to the proposal

Consistent with its obligations under the Gas Safety (Management) Regulations 1996 and the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995, Transco has produced and maintains several documents which detail its operational procedures for dealing with the types of emergency incidents covered by those regulations. These documents are currently wholly separate to the Network Code.

The modification proposal

Transco proposes to include, within its Network Code, reference to the externally available documentation produced in accordance with the Regulations mentioned above.

Respondents' views

In addition to Transco, there were six respondents to this proposal, all of whom supported it. A common theme amongst responses was that in the event of an emergency, codified communications between Transco and shippers would provide greater clarity to shippers and

suppliers, in turn allowing them to better manage their customer relationships. One respondent suggested that Transco may be further incentivised to provide information in a timely manner if it was required to meet specific targets.

Transco's view

Transco is of the opinion that this modification should be implemented. On the point of it meeting targets, Transco points out that this modification proposal seeks only to establish a contractual link between Network Code and the relevant procedural documentation. Transco welcome comments on this procedural documentation, including the appropriateness of the current notification timescales.

Ofgem's view

In light of the relevant objectives of Transco's Network Code and Ofgem's statutory duties, Ofgem has decided to direct Transco to implement the modification. Ofgem notes that this proposal does not in itself make any changes to the procedures to be followed in the event of an emergency, other than to contractualise the communication of such events to shippers. It is anticipated that this will increase certainty, allowing shippers and suppliers to plan with greater confidence and otherwise manage their customer relationship more effectively.

Ofgem's decision

For the reasons outlined above, Ofgem has decided to consent to this modification, as we believe that it better facilitates the achievement of the relevant objectives as outlined under Amended Standard Condition 9 of Transco's GT licence. In particular, this modification should further facilitate the efficient and economic operation of Transco's pipeline system and, to the extent they are complementary to the legislation mentioned above, the efficient discharge of its obligations under its licence.

If you have any queries in relation to the issues raised in this letter, please feel free to contact me on the above number.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Jon Dixon', with a stylized flourish at the end.

Jon Dixon
Head of Gas Network Codes