

Modification Report
Referencing Incident Notification Governance Within Network Code
Modification Reference Number 0649

Version 1.0

This Modification Report is made pursuant to Rule 7.3 of the Modification Rules and follows the format required under Rule 8.9.3.

1. The Modification Proposal

For Transco to provide shipper communications for relevant emergency incidents in accordance with Transco's processes for compliance with the obligations of GS(M)R and Safety Cases.

2. Transco's Opinion

It is Transco's opinion that this Modification Proposal, which has been publicised within the Supply Point and Billing Workstream, should be implemented.

Transco's procedures for the management of the specified emergency incidents are contained in the following documents:

- Network Gas Supply Emergency Transco/E/1
- Local Gas Supply Emergency Transco/E/2, T/PR/E3
- Incident/Accident Reporting and Investigation T/PR/INV1

The above documentation details operational procedures for emergency incidents defined within Gas Safety (Management) Regulations 1996 (GM(S)R) and Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995 (RIDDOR). It has become evident that it would be useful to Users in terms of customer and resource management if the communication of some specific incidents were placed on a more formalised basis.

Transco therefore proposes to include within the Network Code reference to externally available documentation which detail Transco's obligations to provide notice to Users of three incident categories identified within GS(M)R and RIDDOR.

In respect of Loss of Supply Incidents, Transco currently provides notice to Users in accordance with internal procedures. The Proposal is to incorporate the shipper communication elements into a new document 'Schedule for Shipper Communications in Incidents of CO Poisoning, Gas Fire/Explosions and Local Gas Supply Emergency' procedure. This document (in draft form) states that the initial notice of the incident (where there is, or the potential to affect more than 250 Supply Points) is issued "as soon as is reasonably practical (within 1 hour where possible)". Transco is currently undertaking a comprehensive review of T/PR/E3 in consultation with shippers and other interested parties. One aspect under review is the appropriateness of the 250 Supply Points trigger for the issue of communication to Shippers. Any appropriate changes to the provisions of T/PR/E3 will be reflected in the document 'Schedule for Shipper Communications in Incidents of CO Poisoning, Gas Fire/Explosions and Local Gas Supply Emergency'.

In respect of Carbon Monoxide Poisoning Incidents, Transco currently provides notice to the responsible User in accordance with internal procedures. The Proposal is to incorporate the shipper communication elements into a new document 'Schedule for Shipper Communications in Incidents of CO Poisoning, Gas Fire/Explosions and Local Gas Supply Emergency' procedure. This document (in draft form) currently states "Transco will forward the appropriate notice to the responsible Shipper. The service level for the notification of CO poisoning incidents to the gas shipper/supplier, and the HSE is within 2 hours of the arrival of a Transco representative at the site of the incident or confirmation to Transco by others that there has been CO poisoning".

In respect of Gas Fire/Explosions, Transco will, from the date of implementation, provide notice to the responsible User in accordance with the new draft procedure 'Schedule for Shipper Communications in Incidents of CO Poisoning, Gas Fire/Explosions and Local Gas Supply Emergency'. This document (in draft form) currently states "Where an incident occurs as defined ... Transco will forward the appropriate notice to the responsible shipper. The service level for the notification is within 2 hours of confirmation of the incident as defined".

The proposed reference to be included within the Network Code is therefore to the 'Schedule for Shipper Communications in Incidents of CO Poisoning, Gas Fire/Explosions and Local Gas Supply Emergency'

Transco believes that the inclusion of the above reference within Network Code would achieve the aim of providing greater confidence for Users in the area of incident notification governance.

3. Extent to which the proposed modification would better facilitate the relevant objectives

Implementation of this Modification Proposal would improve Users' confidence that relevant incident notification will occur in a timely manner. This allows Users to manage their customer relationships appropriately and more effectively. The formalisation of effective communication to Users is consistent with Transco's GT Licence Relevant Objective of the efficient discharge of obligations under the GT Licence and supports the efficient and economic operation of the pipeline system.

4. The implications for Transco of implementing the Modification Proposal , including

a) implications for the operation of the System:

No implications for the operation of the system have been identified.

b) development and capital cost and operating cost implications:

No such implications have been identified. Provisional analysis of the additional reporting requirements in the event of gas fire/explosions (based on up to sixty events annually) concluded that this work can be undertaken utilising existing resource levels.

c) extent to which it is appropriate for Transco to recover the costs, and proposal for the most appropriate way for Transco to recover the costs:

It is anticipated that any costs (based on up to sixty events annually) incurred will not be significant and therefore will be borne by Transco.

d) analysis of the consequences (if any) this proposal would have on price regulation:

No such consequences have been identified.

5. The consequence of implementing the Modification Proposal on the level of contractual risk to Transco under the Network Code as modified by the Modification Proposal

Implementation of this Modification Proposal would not increase the level of Transco's contractual risk.

6. The development implications and other implications for computer systems of Transco and related computer systems of Users

No changes would be required to Transco's UK-Link system to facilitate implementation of this Modification Proposal.

7. The implications of implementing the Modification Proposal for Users

No significant implications are anticipated. It is expected that Users would need to ensure effective procedures are established to receive relevant information from Transco.

8. The implications of implementing the Modification Proposal for Terminal Operators, Consumers, Connected System Operators, Suppliers, producers and, any Non-Network Code Party

No such implications have been identified.

9. Consequences on the legislative and regulatory obligations and contractual relationships of Transco and each User and Non-Network Code Party of implementing the Modification Proposal

No such consequences have been identified.

10. Analysis of any advantages or disadvantages of implementation of the Modification Proposal

Advantages:

- Provides clarity with respect to Transco's procedures for advising Users in the event of a relevant emergency incident occurring.

Disadvantages:

No disadvantages have been identified.

11. Summary of the Representations (to the extent that the import of those representations are not reflected elsewhere in the Modification Report)

Six representations were received with respect to this Modification Proposal. All were supportive of its implementation.

Total Gas and Power comments that "although Total realise that Transco will endeavour to alert shippers 'as soon as is reasonably practical (within 1 hour where possible)', we feel that Transco should be given a distinct target to inform shippers of events". TFE further comments "this will spur Transco to provide information to shippers in a timely manner". Transco's response is that the purpose of the Modification Proposal is to establish a contractual link between the Network Code and the relevant Transco procedural document. It should be noted that this document is currently in draft form and is in the process of being reviewed by the industry. The review includes consideration of the appropriateness of relevant timescales for notification of loss of supply incidents to Users. Transco would welcome User input into these discussions.

12. The extent to which the implementation is required to enable Transco to facilitate compliance with safety or other legislation

Whilst implementation is not required to facilitate such compliance, this Modification Proposal provides clarity within the Network Code with regard to Transco's procedures for notifying Users in the event of a relevant emergency incident occurring.

13. The extent to which the implementation is required having regard to any proposed change in the methodology established under Standard Condition 4(5) or the statement furnished by Transco under Standard Condition 4(1) of the Licence

This Modification Proposal is not required to facilitate any such change.

14. Programme of works required as a consequence of implementing the Modification Proposal

No programme of works would be required to enable implementation of this Modification Proposal.

15. Proposed implementation timetable (including timetable for any necessary information systems changes)

This Modification Proposal may be implemented with immediate effect.

16. Recommendation concerning the implementation of the Modification Proposal

Transco recommends that this Modification Proposal be implemented.

17. Restrictive Trade Practices Act

If implemented this proposal will constitute an amendment to the Network Code. Accordingly the proposal is subject to the Suspense Clause set out in the attached Annex.

18. Transco's Proposal

This Modification Report contains Transco's proposal to modify the Network Code and Transco now seeks direction from the Gas & Electricity Markets Authority in accordance with this report.

19. Text

SECTION V

Insert a new paragraph 5.11 to read as follows:

“5.11.1 Transco shall, as soon as reasonably practicable after the occurrence of any of the incidents referred to in paragraph 5.11.2 below (subject always to any obligations of confidentiality and to any obligations (whether pursuant to any Legal Requirement or otherwise) which Transco may reasonably determine have a higher priority in the event of an incident) provide to relevant Users such information regarding the incident as is set out in the document entitled ‘Schedule for Shipper Communications in Incidents of CO Poisoning, Gas Fire/ Explosions and Local Gas Supply Emergency’ as such document may from time to time be amended by Transco upon notice to Users (the “**Shipper Incident Communication Procedure**”).

5.11.2 The incidents referred to in paragraph 5.11.1 above are:

- (a) explosions or fires due to an escape of gas;
 - (b) incidents involving death or major injury due to carbon monoxide poisoning from gas; and
 - (c) incidents resulting in a failure to supply more than 250 System Exit Points at any one time,
- in each case as more particularly described and defined in the Shipper Incident Communication Procedure.

Signed for and on behalf of Transco.

Signature:

Sharon McLaughlin
Customer Services Manager

Support Services

Date:

Gas and Electricity Markets Authority Response:

In accordance with Condition 9 of the Standard Conditions of the Gas Transporters' Licences dated 21st February 1996 I hereby direct Transco that the above proposal (as contained in Modification Report Reference **0649**, version **1.0** dated **13/11/2003**) be made as a modification to the Network Code.

Signed for and on Behalf of the Gas and Electricity Markets Authority.

Signature:

The Network Code is hereby modified with effect from, in accordance with the proposal as set out in this Modification Report, version **1.0**.

Signature:

Process Manager - Network Code
Transco

Date:

Annex

1. Any provision contained in this Agreement or in any arrangement of which this Agreement forms part by virtue of which The Restrictive Trade Practices Act 1976 ("the RTPA"), had it not been repealed, would apply to this Agreement or such arrangement shall not come into effect:
 - (i) if a copy of the Agreement is not provided to the Gas and Electricity Markets Authority ("the Authority") within 28 days of the date on which the Agreement is made; or
 - (ii) if, within 28 days of the provision of the copy, the Authority gives notice in writing, to the party providing it, that he does not approve the Agreement because it does not satisfy the criterion specified in paragraphs 1(6) or 2(3) of the Schedule to The Restrictive Trade Practices (Gas Conveyance and Storage) Order 1996 ("the Order") as appropriate

provided that if the Authority does not so approve the Agreement then Clause 3 shall apply.
2. If the Authority does so approve this Agreement in accordance with the terms of the Order (whether such approval is actual or deemed by effluxion of time) any provision contained in this Agreement or in any arrangement of which this Agreement forms part by virtue of which the RTPA, had it not been repealed, would apply this Agreement or such arrangement shall come into full force and effect on the date of such approval.
3. If the Authority does not approve this Agreement in accordance with the terms of the Order the parties agree to use their best endeavours to discuss with Ofgem any provision (or provisions) contained in this Agreement by virtue of which the RTPA, had it not been repealed, would apply to this Agreement or any arrangement of which this Agreement forms part with a view to modifying such provision (or provisions) as may be necessary to ensure that the Authority would not exercise his right to give notice pursuant to paragraph 1(5)(d)(ii) or 2(2)(b)(ii) of the Order in respect of the Agreement as amended. Such modification having been made, the parties shall provide a copy of the Agreement as modified to the Authority pursuant to Clause 1(i) above for approval in accordance with the terms of the Order.
4. For the purposes of this Clause, "Agreement" includes a variation of or an amendment to an agreement to which any provision of paragraphs 1(1) to (4) in the Schedule to the Order applies.