

Representation For. 0007(0728)

"Provision and Maintenance of Large Firm Supply Point Emergency Contact Information by the Gas Transporter"
Version 1.0

Date of Communication: 23/05/2005
External Contact: Garth Graham (Scottish And Southern Energy plc)
Slant: Against
Strictly Confidential: No

Abstract

Julian Majdanski
Secretary Modification Panel
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Dear Julian

Draft Modification Report 0728: Provision and Maintenance of Large Firm Supply Point Emergency Contact Information by the Gas Transporter

Thank you for providing Scottish and Southern Energy plc with the opportunity to comment on the above draft modification report.

SSE notes the comments contained in the Draft Modification Report. Generally we are supportive of developments that will improve the accuracy of information to the market and therefore, in principle, welcome initiatives to achieve this.

However, we believe that this particular Modification Proposal 0728 is highly unlikely to improve the provision of data from large firm supply point emergency contacts (compared with the existing arrangements) for the reasons outlined below.

We believe that if 0728 were to be approved it would introduce additional complexity which could result in a deterioration in performance (in terms of the provision/maintenance of the emergency contact information).

It would also lead to additional cost and uncertainty associated with:-

- new business processes for transporters and customers

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- lack of clarity regarding accountability and responsibility
- between Transporters and Shippers / Suppliers new transporter systems

As stated in the Draft Modification Report the requirement (and we would argue responsibility) for providing emergency contact information currently rests with Shippers and Suppliers. This was presumably determined for a very good reason based, in no small part, on the fact that they have direct contact with their customers and are best placed to identify changes in the contact details.

In addition, Shippers and Suppliers also have contractual arrangements with customers which can be used to ensure they understand why it is so important that this information is kept up to date and ensure there are adequate obligations and incentives to ensure their customer complies. The Transporter has neither the direct contact or the contractual relationship with the end customer.

We acknowledge there are problems with robustness of the emergency contact information currently held in some cases. However, this is not always the case. Performance varies significantly amongst Shippers and Suppliers. Some parties have performed well, and this proves that it is possible to achieve the high performance levels that the industry requires.

The industry needs to examine why it is that some parties have high performance levels whilst other parties do less well. The aim should be to look to build on the good experience of the best performers. To this end we welcome the initiative in this area being undertaken by the Gas Advisory Task Group in working with customers, Shippers and Suppliers to ensure a better understand of the requirements and processes to be followed if information has changed.

We believe that Modification Proposal 0728 introduces significant change and additional complexity into the emergency contact information process, by adding another party to the process. Such an approach, we believe, would cause additional confusion in terms of who is responsible or accountable for the accuracy of information between the customer, Transporter, Shipper and Supplier.

The Proposer argues that the proposal is analogous to Gas Transporter providing a data management service as an agent and that the User will be responsible for the "initial" provision of information and overall responsibility for satisfying obligation. We fail to see how this will work.

In reality even agents need to be have the capability, as well as the responsibility and liability, to ensure performance. If the Transporter is to attract responsibility, changes could be required to licences, Safety Case etc., to ensure they had the capability to comply.

We are not convinced that shifting responsibility will on its own achieve anything. It seems to us that the implementation of this Modification Proposal 0728 has not been thought through enough.

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Furthermore, and most importantly, we believe this Modification Proposal 0728 will cause more confusion for customers as to whom they inter-act with; the Transporter, Shipper or Supplier.

We also believe there is a significant risk that performance could deteriorate further if Modification Proposal 0728 were to be approved.

In addition Modification Proposal 0728 will introduce additional costs in terms of systems and business processes for all parties.

The Proposer argues that the Shipper / Supplier relationship with their customer is commercial and competitive and their ability to enforce compliance is difficult. However, by virtue of the actual performance data in this area, it is clear that some Shippers and Suppliers have managed this relationship effectively.

It would seem that this may lay at the heart of the problem with performance, by some parties, in this area. It appears that some Shippers and Suppliers adopt a more hands-on supportive, inclusive relationship between themselves and their customers, working to educate their staff and customers to achieve high performance level. Other Shippers and Suppliers seem to adopt a far more 'relaxed' attitude.

Fundamentally, for these large firm supply points, emergency contact information does not tend to change frequently. We are not, after all, talking about the mass market so the overall numbers of sites (and thus overall data items) should not be significant. Clearly Shippers and Suppliers needs to ensure internal processes are in place to update their records, but this should not be unduly onerous.

We therefore do not agree with the Proposer that Shippers and Suppliers should have difficulty providing emergency contact information (as clearly some Shippers and Suppliers can provide this information efficiently).

In addition the existing obligations to provide this information is clearly understood by all the parties involved. Business processes are in place to ensure customers, Shippers and Suppliers understand the requirements placed upon them. Periodic checks are made to ensure the information is correct.

In conclusion we believe that Modification Proposal 0728 should be rejected and that the immediate focus of the industry should be on looking at those Shippers and Suppliers who have performed well and look to see what lessons could be learnt by less well performing parties. This is both a much simpler and more efficient solution at this stage.

We believe there would be merit in Transco working with Shippers and Suppliers more closely on an individual basis to discuss performance and potential improvements. The focus of the industry should be on the worst performers as this offers the most scope for quick and dramatic improvement in overall (as well as individual) performance.

To this end we believe, pending the outcome of the Gas Advisory Task Group initiatives in this area, that it would be prudent not to proceed with the changes associated with Modification Proposal 0728 at this time. Once the

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Gas Advisory Task Group has reported then it would be appropriate to look to see what, if any, changes would be suitable.

However, it is inappropriate and inefficient to start introducing significant change to the emergency contact information process until the results of the Gas Advisory Task Group are known. Otherwise we may find that the proposed solutions in Modification Proposal 0728 are both unnecessary and totally inappropriate in addressing the problem.

Yours sincerely

Garth Graham
Market Development