

Modification Report
Single Centralised On-line Gas Enquiry Service - Removal of redundant UNC
provisions
Modification Reference Number 0087
Version 2.0

This Modification Report is made pursuant to Rule 7.3 of the Modification Rules and follows the format required under Rule 9.6.

1. The Modification Proposal

Standard Special Condition A31 of the Large Transporter's licence requires Transporters to provide a Supply Point Information Service.

Work carried out by the Customer Transfer Programme (CTP) industry project identified a requirement for the implementation of a national online Meter Point enquiry service, the Single Centralised Online Gas Enquiry Service (SCOGES). The SCOGES working group, at the request of the Supply Point Administration Agreement (SPAA) Executive Committee, developed this requirement into a formal Business Requirements Specification.

The requirement for SCOGES is to implement, provide and utilise a national repository of all gas Meter Points within Great Britain, covering all Transporters. SCOGES is intended to be available to all Transporters, Shippers and Suppliers, and some non-domestic customers. It will provide the primary route of investigation for Transporter enquiries.

Suppliers will be required to utilise SCOGES to resolve Transporter enquiries prior to contacting the Transporter by email or telephone in order to realise savings for the Transporter in receiving and processing email and telephone queries. National Grid already has obligations to provide an information service within the UNC (Transportation Principal Document paragraphs G1.9.10, G1.9.11 and G1.9.12 and General Terms paragraph B5.1.1(d)) in accordance with Transporters licence conditions and therefore wishes to avoid dual governance and potential conflict.

It is therefore proposed that relevant provisions relating to the Supply Point Information Service, planned to be replaced by terms under SPAA governance, be removed.

Under the UNC, Large Transporters also provide Supply Point Information services in addition to those within the remit of SCOGES. These include a 'Request for Information (RFI)' telephone enquiry facility, E-Mail services and the periodic issue of Supply Meter Point data on CD-ROMs. It is proposed that references to the provision of these additional services (identified within the Supply Point Information Service Guidelines) also be removed from the UNC given that it is proposed that they be incorporated within the SPAA as a general Transporter obligation.

2. Extent to which implementation of the proposed modification would better facilitate the relevant objectives

The Proposer believes that dual governance does not promote an efficient and economic operating model. In this respect it is necessary to seek to facilitate removal of specific UNC provisions to accommodate relevant Supply Point Information services within the SPAA. This measure could therefore be expected to promote efficiency in the implementation and administration of the Uniform Network Code. This is also the view of SSE and SGN.

Additionally the Proposer considers removing provisions from the UNC does not affect obligations incumbent on Transporters to provide relevant Supply Point Information to Users in accordance with Standard Special Condition A31. Furthermore the SPAA schedule which specifies the facilities to be provided within the remit of SCOGES identifies that Users will have access to all relevant services.

Conversely, TGP consider the opposite, *“Standard Special Licence Condition A31 details that Transporters are obliged to provide jointly a supply point information service. Removing the obligation to detail how this service will be discharged to all Shippers (the unrelated SPAA service will only be used by Domestic Suppliers, not all Shippers), will create greater uncertainty and so will be detrimental”* to the furtherance of the efficient discharge of the licensee's obligations under the licence;

Continuing *“Removing the reference within the UNC to the Supply Point Information Service Guidelines will remove the certainty that Shippers have access to the information they require to accurately bill customers. This modification is therefore detrimental”* to the securing of effective competition:(i) between relevant shippers;(ii) between relevant suppliers.

3. The implications of implementing the Modification Proposal on security of supply, operation of the Total System and industry fragmentation

The implementation of this proposal should not have any effect on security of supply, operation of the Total System, or industry fragmentation.

4. The implications for Transporters and each Transporter of implementing the Modification Proposal, including

a) implications for operation of the System:

No implications for operation of the system have been identified.

b) development and capital cost and operating cost implications:

No development and capital cost and operating cost implications required.

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

No cost recovery mechanism required.

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

No such consequences on price regulation.

5. The consequence of implementing the Modification Proposal on the level of contractual risk of each Transporter under the Code as modified by the Modification Proposal

Each Transporter's UNC contractual risk would reduce as provisions detailing the obligations to provide a Supply Point Information Service would no longer be present in the UNC.

6. The high level indication of the areas of the UK Link System likely to be affected, together with the development implications and other implications for the UK Link Systems and related computer systems of each Transporter and Users

No UK Link systems implications envisaged.

7. The implications of implementing the Modification Proposal for Users, including administrative and operational costs and level of contractual risk

Assuming SCOGES provisions are successfully incorporated within the SPAA, those Users whose organisations are not also supplier signatories to SPAA may face increased contractual risk as the Supply Point Information Service would no longer be provided for in the UNC.

However a general obligation to provide a Supply Point Information Service to Users would remain under Gas Transporter Licence Standard Special Condition A31. Additionally, the Business Requirements Specification for SCOGES under the SPAA specifies that the service is required to be made available to all Shippers and Suppliers.

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

No such implications have been identified.

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

The UNC would no longer clarify the nature of Transporters’ compliance with Gas Transporter Licence Standard Special Condition A31. This certainty (for those Users whose organisations are also supplier signatories to SPAA) would alternatively be provided under the SPAA.

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

Advantages

- avoidance of dual governance and potential conflict
- efficiency
- the Customer Transfer Programme (CTP) identified that the SPAA would be a more suitable host for the Supply Point Information Service which is a retail activity used predominantly by domestic suppliers who are all signatories.
- The SPAA features an established governance process – those who predominantly utilise the service would be able to directly influence any future developments.

Disadvantages

- those Users whose organisations are not also supplier signatories to SPAA would not have contractual certainty of the nature of the services provided in accordance with Gas Transporter Licence Standard Special Condition A31.

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

<u>Organisation</u>	<u>Abbreviation</u>	<u>Position</u>
Scotia Gas Networks	SGN	For
British Gas Trading	BGT	For
National Grid Distribution	NG UKD	For
Scottish & Southern Energy	SSE	For
RWE Npower Plc	RWE	For
E.ON UK	EON	Against
Total Gas & Power	TGP	Against
Industrial & Commercial Suppliers	I&C	Against

NG UKD, SSE, RWE, BGT, SGN believe implementation of this Proposal would prevent any issues of dual governance arising.

EON recognised the issue of dual governance issue but did not believe that this “*outweighs the benefits of the service remaining defined in the UNC,*” adding

that this could “*easily managed through ensuring that changes accepted in one area do not contradict the other*”

Both I&C and TGP feel that the issue of dual governance does not exist on the basis that only Transporters are able to instigate changes to the Supply Point Information Service Guidelines.

Additionally, I & C “*fail to understand why the Supply Point Information Service Guidelines cannot be modified to reflect incremental changes in the SPAA service. The current SPIS guidelines seem to specify both the UNC and SPAA provisions at present and there is no reason why this cannot continue. As UNC shippers (who are not members of SPAA) are unable to raise changes via the UNC, there is no possibility of conflicting changes being progressed.*”

TGP state “*Leaving aside the issue of dual governance, we consider this modification will have a detrimental impact on the operation of the market.*” They continue “*Failure to specify how this information will be provided will remove the assurance Shippers had that the services they use will continue to be available in the format they current use.*”

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

Implementation is not required to enable each Transporter to facilitate compliance with safety or other legislation.

13. The extent to which the implementation is required having regard to any proposed change in the methodology established under paragraph 5 of Condition A4 or the statement furnished by each Transporter under paragraph 1 of Condition 4 of the Transporter's Licence

Implementation is not required having regard to any proposed change in the methodology established under paragraph 5 of Condition A4 or the statement furnished by each Transporter under paragraph 1 of Condition 4 of the Transporter's Licence.

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

Implementation of this Modification Proposal, requiring paragraphs 1.9.10, 1.9.11 and 1.9.12 of Section G of the Uniform Network Code – Transportation Principal Document and paragraph 5.1.1(d) of Section B of the Uniform Network Code – General Terms, to be removed from the Uniform Network Code is contingent on implementation to the SPAA of the requirements contained in v1.2 Business Requirements Specification for SCOGES relating to the provision of Large Transporter data.

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

The relevant provisions relating to the Supply Point Information Service can be removed upon implementation of the national online Meter Point enquiry service, the Single Centralised Online Gas Enquiry Service (SCOGES) by terms under the Supply Point Administration Agreement (SPAA) and upon receipt of direction from Ofgem.

16. Implications of implementing this Modification Proposal upon existing Code Standards of Service

No implications of implementing this Modification Proposal upon existing Code Standards of Service have been identified.

17. Recommendation regarding implementation of this Modification Proposal and the number of votes of the Modification Panel

At the Modification Panel meeting held on 21 September 2006, of the 8 Voting Members present, capable of casting 10 votes, 6 votes were cast in favour of implementing this Modification Proposal. Therefore the Panel recommend implementation of this Proposal.

18. Transporter's Proposal

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

19. Text

UNIFORM NETWORK CODE – TPD

SECTION G – SUPPLY POINTS

Delete paragraphs 1.9.10, 1.9.11 and 1.9.12.

UNIFORM NETWORK CODE – GENERAL TERMS

SECTION B – GENERAL

Delete paragraph 5.1.1 (d).

Subject Matter Expert sign off:

I confirm that I have prepared this modification report in accordance with the Modification Rules.

Signature:

Date :

Signed for and on behalf of Relevant Gas Transporters:

Tim Davis
Chief Executive Joint Office of Gas Transporters

Signature:

Date :