

## TOTAL GAS & POWER LIMITED

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Dear Julian,

### **Modification Proposal 0087 - "Single Centralised On-line Enquiry Service – Removal of redundant UNC Provisions"**

Total Gas & Power Limited opposes the implementation of Modification Proposal 0087

#### **Our comments are as follows:**

Prior to the DN sale the Supply Point Information Service that was provided was not referenced in the Uniform Network Code. In response to the concern that fragmentation of the Network would result in the Transporters operating different sets of systems Modification 717 was raised by Transco to incorporate this reference into the UNC. Ofgem approved implementation of this modification as it would *"Give greater governance to the provision of a key service to Users."* It also *"Set a benchmark for service standards against which future change proposals can be assessed"*.

Subsequently, in light of the creation of a Supply Point Information Service in the SPAA, National Grid raised Modification 0087. In this modification proposal National Grid states that the reference to the Supply Point Information Service needs to be removed to *"avoid dual governance and potential conflict"*, presumably to avoid the conflicting changes being raised by both SPAA UNC signatories. This concern is unfounded, as in its decision letter to Modification 717 Ofgem highlights the fact that Users do not have governance over the Supply Point Information Service, *"the change management of the Guidelines requires Transco to consult Users, but is not subject to the full Network Code change control. There is therefore a risk that a change could be proposed ... and implemented even though a ... number of Users did not Support the change"*.

As UNC shippers (who are not members of SPAA) are unable to raise changes via the UNC, there is no possibility of UNC changes being progressed simultaneously with SPAA changes. Furthermore, under the terms of the UNC, Transporters are free to change the Supply Point Information Service Guidelines as required; any changes mandated by the SPAA change process can therefore be easily reflected in the Guidelines referenced in the UNC. As we understand it, the SPAA service proposed is similar in format and scope to the current UNC service and the current SPIS guidelines seem to specify both the UNC and SPAA provisions at present, so can be taken as a common baseline. It should also be noted that the system changes that are being implemented to incorporate iGT data with Transporter data (UKL 13725) are being progressed through the UK Link Committee, a



UNC committee. It seems unusual that a service using UNC systems will not be referenced within the UNC and in summary it is not warranted to remove a key UNC-based service to address a non-existent dual governance issue.

Leaving aside the issue of dual governance, we consider this modification will have a detrimental impact on the operation of the market. We acknowledge that the Transporters are obliged by Standard Special Licence Condition A31 to provide this information, but the Standard Special Licence condition does not detail how the information will be made available. 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. The unilateral withdrawal by xoserve of the ad-hoc supply point enquiry service (the subject of Modification 0092), highlights the dangers of relying purely on the obligations of Standard Special Licence Condition A31 to ensure this vital service is maintained. It therefore seems appropriate that this detail is set out in a subsidiary document and that the method of providing Supply Point Information is referenced within the UNC, the document governing Supply Point Administration.

### **Extent to which implementation of the proposed modification would better facilitate the relevant objectives**

#### ***Gas Transporter Licence Standard Special Condition A11.1***

- (a) ***the efficient and economic operation of the pipe-line system to which this licence relates;***

Does not apply to this objective

- (b) ***so far as is consistent with sub-paragraph (a), the coordinated, efficient and economical operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters;***

Does not apply to this objective

- (c) ***so far as is consistent with sub-paragraphs (a) and (b), the efficient discharge of the licensee's obligations under this licence;***

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 this relevant objective.

- (d) ***so far as is consistent with sub-paragraphs (a) to (c) the securing of effective competition:(i) between relevant shippers;(ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers;***

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 this relevant objective.

- (e) ***so far as is consistent with sub-paragraphs (a) to (d), the provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards (within the meaning of paragraph 4 of standard condition 32A (Security of Supply – Domestic Customers) of the standard***



*conditions of Gas Suppliers' licences) are satisfied as respects the availability of gas to their domestic customers; and*

Does not apply to this objective

- (f) *so far as is consistent with sub-paragraphs (a) to (e), the promotion of efficiency in the implementation and administration of the network code and/or the uniform network code.*

Does not apply to this objective

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

No implications identified

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

**a) implications for operation of the System:**

No implications identified for Transporters.

**b) development and capital cost and operating cost implications:**

There will be no change to the costs incurred by the Transporters in the short term as the Supply Point Information is still required to discharge the obligations under the SPAA. Longer-term, costs may decrease as parts of the service are unilaterally withdrawn by the Transporters.

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

Do not anticipate any costs requiring recovery outside of allow revenue

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

No consequences identified.

**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**

We do not anticipate any increase in contractual risk for the Transporters.

**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**

We do not anticipate any changes to the UK Link system

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

The loss of certainty over the current enquiry service provided will reduce Shipper



confidence that they will have access to supply point information via the Transporter's agent. This may result in additional costs as this information is procured via the customer. Additionally, if Transporters no longer have the obligation to consult with Users over any changes to the current Supply Point Information Service, then any changes may occur at short notice and Users may incur additional costs in adapting.

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

No implications identified

### **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 Transporters are currently obliged by the UNC to detail how they discharge their obligations under standard condition A31. The removal of this obligation weakens the certainty that this obligation will be discharged in a reasonable and transparent manner.

### **Analysis of any advantages or disadvantages of implementation of the Modification Proposal**

**We have identified the following advantages:**

- None identified

**We have identified the following disadvantages:**

- Loss of oversight of current Supply Point Information Service for Users.
- Increased uncertainty in how Transporters will discharge their obligations under Standard Special Licence Condition A31.
- Increased costs incurred by Users in adapting to changes which they are not consulted on and from source Supply Point Information from other sources.

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

Not required for this purpose

### **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**

Not required for this purpose

### **Programme for works required as a consequence of implementing the Modification Proposal**



There will be no change in the level of work undertaken by xoserve in providing this service, as they obligations under the SPAA to provide a similar service.

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

We have no comments in this area.

**Implications of implementing this Modification Proposal upon existing Code Standards of Service**

No implications identified

***Further Comments***

None

Should you wish to discuss our response further, please feel free to contact me.

Yours faithfully

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