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Dear Tim,

0183 : Provision of Data in respect of downstream networks by the iGT directly connected to the Distribution Network.

These comments are provided on behalf of Independent Pipelines Limited and Quadrant Pipelines Limited.

We have been aware of the complexity arising from the increasing numbers of nested networks. We have actively supported the industry initiatives to discuss the best way of resolving these issues in a robust and lasting way. We are disheartened that this modification proposal has been raised now when at recent industry meetings, despite iGTs indicating a strong desire to resolve this issue, the GDNs indicated they wanted to gain 'a better understanding of the issues before entering into solution mode'.

We do not support the current modification proposal.

We recognise that the growing number of nested networks requires solutions to deal with the passing of commercial data regarding changes to shipper portfolios and their AQs to enable accurate transportation billing. At present, the volume of gas is de minimus and its impact on RbD will be slight. However, we are strongly of the opinion that nested CSEP AQ data needs to be dealt with, and in a robust and cost effective manner. To this end, we strongly urge that industry discussions should be re-started and potential solutions thoroughly weighed and considered.

Proposal Flaws

There are a number of flaws with this modification proposal.

1. *LMN Creation and Close Down Process*

The proposal requires the lead iGT to amalgamate all relevant AQ data for each individual shipper up through the series of networks comprising the nest. The current iGT AQ update process assigns a unique Logical Meter Number (LMN) to each Shipper on each CSEP. The AQs of each supply point shipped to by the shipper are amalgamated under their LMN. The movement of supply points between shippers is recorded and the updated LMN provided weekly to Xoserve. Where no supply points

are supplied by the shipper then the LMN for that shipper is closed down until such times that a customer is supplied when a new LMN is requested.

With the dynamic nature of customer transfer in the UK gas supply market it will be highly likely that within any given CSEP that not all shippers will be shipping gas with the host iGT, but may be doing so at a lower level. As a result, the host iGT will not have an LMN present to accept Aqs from lower nests.

The proposal would see the lead iGT creating, updating and closing LMNs, for Shippers that are not active on its own network. For this to be achieved the lead iGT would have to record all customer transfer activity, over multiple networks other than its own. If this proposal were approved, all iGTs would be generating and updating records, storing, and providing data that has no relevance to their own networks. It is our opinion that recording Customer Transfer activity on another gas transportation network would be outside our statutory functions under Section 7 of the Gas Act.

In practical terms, this proposal will be extremely difficult to implement due to the process and system development. In addition, there will be the on-going resource demands for the day-to-day operation and data transfer synchronization between iGTs. As this scenario essentially replicates the service already provided by Xoserve consideration needs to be given as to whether this is an efficient solution and would meet transporters' obligations under SLC 9.1 (a) and (b).

2. *Data Flow Rejection and Escalation*

Xoserve have a series of rejection reasons, which are used when they are unable to accept a dataflow. iGTs use these to correct errors in the data flows or to identify problems with CSEP data. It will become extremely difficult and inefficient to deal with such error reports as potentially each iGT within a nest will need to investigate the errors, as it will not be clear within which network the error arose.

In addition, the time required to disassemble the response files and feed data back down the nest would further jeopardize iGTs ability to submit accurate and timely update and closure files. Rejection and query resolution would be considerably more time-consuming and complex under this proposal.

Alternative Solutions

The proposer has said that an alternative proposal whereby the iGTs would provide the data directly to Xoserve could not work, as there would be no contractual arrangement between the nested iGTs and the Upstream GDN. While this is correct for the specific CSEP, all iGTs have in place CSEP NExA Agreements with the GDNs, which are fundamentally identical. We believe that the CSEP NExA could be altered to provide for this transfer of data within a nested CSEP straight to the GDNs' agent Xoserve.

A problem has been highlighted regarding the numbering regime of CSEPs, which would allow Xoserve to be able to identify the different levels of the nest. Having discussed this with our IS experts they have suggested that a simple solution would be to identify the nest using the CSEP reference, LMN, the transporter ID and Open. There may be a need for Xoserve to be able to confirm that the CSEP is nested, which would require a data field. There would certainly need to be a requirement on the lead iGT to advise Xoserve which CSEPs were nested.

An advantage with this solution is that there would be no delay regarding the provision of LMN data.

Safety Implications

We are concerned that the proposer has referred to engineering safety issues in the proposal implying that because there are no arrangements in place to forward commercial data to Xoserve that safety is being compromised.

However, to provide comfort we have addressed the points raised.

- Need for iGTs *'To ensure that the downstream demand will not exceed the maximum offtake rate as agreed at the connection to the DN'*

For each nested CSEP, the overall site design would have been carried out by the host iGT. The nested/inset CSEP is merely an element of this site. There is a Memorandum of Understanding (MOU) between all AiGT members on Nested CSEP design that covers this area. Any change of design is covered by the MOU and irrelevant to this proposed modification.

- *To ensure that the gas transported to consumers on its own network at a 'suitable pressure' to "ensure the safe operation of any gas appliance which that consumer could reasonable be expected to operate" pursuant to the Gas Safety (Management) Regulations 1996 (GS(M)R).*

This is an absolute requirement of an iGT under their Safety Case and not the NExA. In addition to the first response above, every iGT is audited on its Safety Case and GS(M)R by the HSE. In addition, the HSE are allowed to cover the cost of these audits. All iGTs take part in the annual UK Emergency Exercise where load shedding and information sharing is tested. Again, this concern is irrelevant to this proposed modification as it is covered by the Safety Case and GS(M)R audits.

- *To ensure compliance with, or assurance regarding any other relevant inter-iGT terms (commercial and physical) governing the offtake.*

In engineering terms the off take is protected by the Safety Case, GS(M)R and Emergency Arrangements that are tested and audited by the HSE.

System Development and Costs

The proposer has indicated that there would be no system development required for the GDNs (or their agents), and thus implicitly no cost to them. Having reviewed the proposal should it be approved by the Authority we believe that there will be considerable costs in developing processes and systems for each of the iGTs. This will be in addition to the contract negotiation, which will be needed, to put in place the arrangements to deal with the transfer, updating and reconciliation of commercially sensitive data.

We believe that there is a more simple, cost effective and robust way of improving the current situation, but this would require co-operation and some expenditure by the GDNs and their agent. However, we believe, following the initial industry discussions, that such a co-operative approach would be successful.

If you wish to discuss any of the points raised, please do not hesitate to contact me. My telephone number is 07920532212.

Yours sincerely

Francesca M Dixon
Regulation Manager