

Modification proposal:	Uniform Network Code ("UNC") 193: 'Removal of Certain "Gas not made available for off-take" Provisions from the UNC'		
Decision:	The Authority <sup>1</sup> directs that proposal UNC193 be made <sup>2</sup>		
Target audience:	The Joint Office, Parties to the UNC and other interested parties		
Date of publication:	21 April 2008	Implementation Date:	To be confirmed by the Joint Office

## Background to the modification proposal

On 10 March 2008 the Department for Business, Enterprise and Regulatory Reform (BERR) consented to the Authority's proposed amendments to the Gas (Standards of Performance) Regulations 2005, which took effect from 1 April 2008<sup>3</sup>.

The main changes to the regulations:

- introduce guaranteed standards of performance for responding to customer complaints and notifying customers of planned interruptions;
- tighten the guaranteed standards of performance for reinstatement of customers' premises to 5 days;
- revise the guaranteed standard of performance for supply restoration to include smaller non-domestic customers and compensation for third-party damage and water ingress incidents; and
- clarify the mechanism by which customers receive compensation when they are interrupted as a result of a failure on a network other than the network that they are connected to.

## The modification proposal

This provision of the Regulations effectively encompasses and expands upon the existing scope of such payments which are made pursuant to Section J3.5.2 of the UNC. Such payments are currently made in respect of Smaller Supply Points where gas is not taken wholly or mainly for domestic purposes, whereas operation of the Regulations will effectively mandate the payments to all Smaller Supply Points, regardless of the purposes for which the gas is off-taken.

Additionally sub-paragraph 3(e) of Regulation 7 clarifies the circumstances in which compensation is payable in respect of Smaller Supply Points on CSEP networks. Such payments are currently issued pursuant to section J3.11.6 (a) of the UNC. It is therefore proposed that the functions of J3.5.2 and J3.11.6 (a) are removed from the UNC, with effect from the proposed implementation date, as the provisions will be superseded by the Regulations. In conjunction with the above, it is also proposed that the Group Limit for Compensation Group J (in respect of Smaller Supply Points) as detailed in section V10(e)(vi) is removed. The proposer considers that retention of the UNC provisions will effectively subject the single transaction to dual governance and maintain a consequential risk of duplicate liabilities.

<sup>1</sup> The terms 'the Authority', 'Ofgem' and 'we' are used interchangeably in this document. Ofgem is the Office of the Gas and Electricity Markets Authority.

<sup>2</sup> This document is notice of the reasons for this decision as required by section 38A of the Gas Act 1986.

<sup>3</sup> Available on the Office of Public Sector Information website at:

[http://www.opsi.gov.uk/si/si2008/uksi\\_20080696\\_en\\_1](http://www.opsi.gov.uk/si/si2008/uksi_20080696_en_1)

## UNC Panel<sup>4</sup> recommendation

At its meeting held on 21 February 2008, the UNC modification panel recommended that UNC193 be implemented.

## The Authority's decision

The Authority has considered the issues raised by the modification proposal and the Final Modification Report ("FMR") version 3.0 dated 14 April 2008. The Authority has considered and taken into account the responses to the Joint Office's consultation on the modification proposal which are attached to the FMR<sup>5</sup> and has concluded that:

1. implementation of modification proposal UNC193 will better facilitate the achievement of the relevant objectives of the UNC<sup>6</sup>; and
2. directing that modification UNC193 be made is consistent with the Authority's principal objective and statutory duties<sup>7</sup>.

## Reasons for the Authority's decision

We note that of the eight responses to the Joint Offices consultation on this proposal, six were in favour. The remaining two respondents offered only qualified support, given that the regulations which replace the UNC provisions were not in place at the time the proposal was consulted upon. Whilst not qualifying their support, some of the other respondents made similar comments.

This proposal does not of itself amend the standard of service provisions, but merely seeks to remove certain UNC provisions which are now superseded by the regulations. We have therefore not reiterated our views on the benefits of the revised Regulations themselves, and agree with those respondents who suggested that this proposal will have little or no impact on the relevant objectives other than to better facilitate Standard Special Condition A11.1 (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*. The removal of what are now superfluous provisions from the UNC will avoid the standards of service and in particular the payments associated with them, from being subject to dual governance, which would have been inefficient and potentially lead to confusion or potentially duplicated payments.

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<sup>4</sup> The UNC Panel is established and constituted from time to time pursuant to and in accordance with the UNC Modification Rules

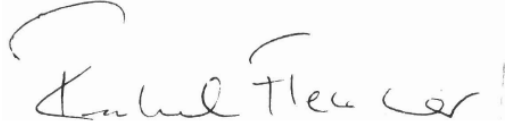
<sup>5</sup> UNC modification proposals, modification reports and representations can be viewed on the Joint Office of Gas Transporters website at [www.gasgovernance.com](http://www.gasgovernance.com)

<sup>6</sup> As set out in Standard Special Condition A11(1) of the Gas Transporters Licence, see: [http://epr.ofgem.gov.uk/document\\_fetch.php?documentid=6547](http://epr.ofgem.gov.uk/document_fetch.php?documentid=6547)

<sup>7</sup> The Authority's statutory duties are wider than matters which the Panel must take into consideration and are detailed mainly in the Gas Act 1986.

## Decision notice

In accordance with Standard Special Condition A11 of the Gas Transporters Licence, the Authority, hereby directs that modification proposal UNC193: *'Removal of Certain "Gas not made available for off-take" Provisions from the UNC'* be made.

A handwritten signature in black ink, appearing to read 'Rachel Fletcher', is written over a light grey rectangular background.

**Rachel Fletcher**  
**Director, Distribution**

Signed on behalf of the Authority and authorised for that purpose.