

Representation

Draft Modification Report

0410 and 0410A: Responsibility for gas off-taken at Unregistered Sites following New Network Connections

Consultation close out date: 07 June 2013
Respond to: enquiries@gasgovernance.co.uk
Organisation: SSE
Representative: Anne Jackson
Date of Representation: 10 June 2013

Do you support or oppose implementation?

0410 – Not in support

0410A - Support

If either 0410 or 0410A were to be implemented, which would be your preference?

Prefer **0410A**

If either 0410 or 0410A or both were to be implemented, which would be your preference?

Prefer **0410A**

Please summarise (in one paragraph) the key reason(s) for your support/opposition.

Mod 0410A goes some way to addressing the root cause of gas flowing at unregistered sites through the fitting of meters (which provide access to gas) and for that reason we support its implementation.

Mod 0410 will impact the occurrence of unregistered sites but not by targeting poor practices, often performed by parties who are not in contractual relationships with parties to the UNC. We believe that this mod has a direct impact on the connections market (rather than the shipper, supplier and other associated markets) and this could potentially be in a detrimental way.

Our desire to remove the problem of unregistered sites should be addressed through better management of the live offtake points following connection and Mod 0410A does this through targeting the fitting of meters.

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Modification Panel Members have indicated that it would be particularly helpful if the following question could be addressed in responses:

Q1: Do you believe that both Modifications could be implemented, such that both the 0410 and 0410A requirements are introduced to the UNC?

We believe that it is possible for both modifications to be implemented at the same time, but do not believe that they should be. Both mods are targeting sites which are unregistered and both will impact that issue, but by addressing different activities. It is not possible to determine how the benefits of each might be eroded by the other or potentially increase costs. If both are to be implemented it should be in series rather than in parallel with some analysis performed to understand how the second implementation might impact the first.

As the two mods target different activities it will be possible for charges to be incurred twice as neither mod has provisioned for the existence of the other. As alternative mods this would be a reasonable assumption and we therefore believe they should be treated as such.

Are there any new or additional issues that you believe should be recorded in the Modification Report?

It is not unreasonable for live offtake points identified through their mprn to be available and ready for use following a new connection. Consequently it is unreasonable to target those parties that create mprns to identify where these are (**mod 0410**).

What is unreasonable is that these offtake points can remain live indefinitely with no party having any responsibility for ensuring that the use of gas at that point is registered, is safe and is legal. The only party who have the powers to visit the site are the transporters. An offtake point in exactly the same position following the disconnection and removal of a meter would have the service physically visited and cut back after one year. Ideally we would wish all live offtake points without meters be managed and monitored in the same way. **Mod 0410** goes some way to addressing this by requiring visits of the transporter, although action is only taken if gas is being offtaken.

Mod 0410A seeks to mitigate this risk through a desk top exercise. It is our view that this does not go far enough, although we do accept that a desk top exercise can assist in identifying sites that need to be visited.

We note that there is an anomaly in that such meterpoints are not currently closely monitored through any specific and explicit requirements on any party. Without any monitoring live offtake points can and are the subject of abuse. The major concern is that meters are being fitted and gas is being taken without an appropriate registration. **Mod 0410A** addresses this specific route cause.

Relevant Objectives:

How would implementation of either of these modifications impact the relevant objectives?

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We do not believe that mod 0410 has a positive effect on relevant objective (d) as it has more of an impact on the connections market (not necessarily core to shippers or suppliers), but do agree that mod 0410A does have a positive effect.

d) 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.

We also believe that the requirement to visit sites under mod 0410 would lead to a positive effect on the transporters' requirements to investigate theft.

Impacts and Costs:

What analysis, development and ongoing costs would you face if either of these modifications were implemented?

For mod 0410, it is likely that contracts and agreements would not enable the recovery of all costs allocated to shippers. There would not be a deemed contract in place so any contractual arrangements in place can not be carried over to subsequent tenants. Changes of tenancies are common as new buildings and sites are developed. Deemed contracts are utilised following the application of the first supply contract and we believe it may be possible to incur charges without any leverage to require the customer to sign up to a supply contract in change of tenancy scenarios.

Implementation:

What lead-time would you wish to see prior to either of these modifications being implemented, and why?

A minimum of 6 months notice is required before implementation for both modifications. This is needed to review contracts, negotiate amendments and amend processes to reduce risk to the shipper and supplier.

Legal Text:

Are you satisfied that the legal text and the proposed ACS (see www.gasgovernance.co.uk/proposedACS) will deliver the intent of these modifications?

No comments

Is there anything further you wish to be taken into account?

Please provide any additional comments, supporting analysis, or other information that you believe should be taken into account or that you wish to emphasise.

We believe that neither mod goes far enough to address the issue of unregistered sites, but only one mod addresses a significant route cause.

Mprns should be created only when live offtake points are created which would assist with monitoring activity on these sites. Creation of mprns based on plans which may take years to come to fruition is unhelpful and does not give a true picture of where gas is live. A true picture of the gas network will enable greater awareness for reasons of safety and

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asset management. Additionally this would reduce the number of mprns created and enable monitoring by the transporter for activity, legitimate or otherwise, and enable live offtake points to be removed following extended inactivity as is the current practice following meter disconnections.