



Priority Customers Update

Transmission Workgroup, 7th December 2023

Distribution Workgroup, 11th December 2023



Introduction

- Gas transporters are obligated to establish, amend and review a list of priority customers, who would be the last to be told to cease taking gas in a Network Gas Supply Emergency
- In October 2022, the Secretary of State issued a [Direction to gas transporters](#) to base their priority lists on the following categories of relevant customers:
 - **Category A**: Relevant customers where a failure in the supply to their premises could put **lives at risk**
 - **Category B**: Relevant customers for which the sudden loss of gas causes or threatens to cause **serious damage**, for an unacceptably prolonged period, to human welfare, the environment or the security of the United Kingdom that cannot be reasonably mitigated
 - **Category C**: Relevant customers taking **over 2 million therms per annum** for whom the sudden loss of gas would result in repair or replacement costs amounting to **10% or more of the Site Fixed Tangible Asset Value**

The assessment of whether a site satisfies the criteria contained in Categories A and C rests with the Gas Transporter

Context

- On a DSR webinar in Summer 2023, shippers raised some questions about priority lists
- NGT has engaged with the GDNs, Xoserve, Corella and DESNZ in relation to these questions
- The purpose of this slidepack is to:
 - Present the **response** of the Gas Transporters to the issues raised
 - Explain the **next steps** that the Gas Transporters propose to take in relation to Category C consumers

Question 1

Shipper Question

- Following the re-categorisation of priority customers, nothing has been published to show the impact – e.g. total volumes that are now classed as priority load compared to previously. Can this be shared?

Transporters' Response

- There is currently no obligation on any party to produce such a report and the transporters do not currently see what value such a report would provide to the shipping community.
- Each shipper that has a priority customer(s) within its portfolio receives a monthly report from Xoserve which details the relevant sites and whether they are classified as A, B or C.
- Transporters urge the shipping community to check this report, assure the sites are still listed correctly and that emergency contact details are present.

Question 2

Shipper Question

- Could shippers receive confirmation of which of their sites were on the priority list pre-October 2022 and which are on the list post-October 2022?

Transporters' Response

- Transporters have not instructed Xoserve to remove any sites from the priority list since October 2022; all requests for sites to be added to or deleted from the list have come from the shipper.
- Transporters urge the shipping community to review the priority customers report they receive from Xoserve and to check its accuracy.

Question 3

Shipper Question

- It was understood that a ‘verification exercise’ was to be undertaken by GDNs but are unsure what this involves.

Transporters’ Response

- Since the implementation of [Mod 0090](#) ‘Revised DN Interruption Arrangements’, GDNs have had an obligation, enshrined in their safety cases, to make annual contact with the top 200 sites in each LDZ to verify that an instruction to cease taking gas in an emergency can be given using the phone number held by the GDN.
- This suite of assurance exercises was undertaken within Exercise 'Everest'. The post exercise report will be published in December 2023. It found that 90% of the top 200 sites in each LDZ were contactable, but this was largely due to GTs’ own data rather than data provided by shippers under the UNC.
- **Therefore, there remains a pressing need for shippers to assure emergency contact details are provided for all these LDZ customers, in order that 100% of these larger sites are contactable.**

‘Grandfathered’ Priority Status

- Since the re-categorisation was introduced, customers that were previously on the priority list that now fall into Category C have had their priority status maintained / ‘grandfathered’
- For a site to be included in Category C, a demonstration has to be provided by the shipper to the relevant Gas Transporter that a sudden loss of gas supply would cause losses > 10% of the value of the fixed assets of the business
- The Gas Transporters propose to maintain the current list of Category C customers for this winter and to write to the shippers concerned to request that such demonstration is provided by September 2024.
 - If such a demonstration is not provided by this time, the Gas Transporter will instruct Xoserve to remove the site from the priority list

