

## **TRANSCO NETWORK CODE MODIFICATION PROPOSAL No. 0565**

"Transco Proposal for Revision of Network Code Standards of Service"

Version 1.0

**Date:** 10/07/2002

**Proposed Implementation Date:** 01/01/2003

**Urgency:** Non-Urgent

### **Justification**

The existing Standards of Service arrangements were implemented on 1 August 1999 by Modification Proposal 0204 'Amendment to Standards of Service' and have not changed significantly since then. In November 2000, Modification Proposal 0385 'Adjustments to GRE Invoice Queries' became effective and introduced a new standard for those adjustments.

Modification Proposal 0514 "Revision of Transco Network Code Standards of Service" was raised by BGT and sent for Development by the Modification Panel at its December 2001 meeting.

In its proposal BGT acknowledged that "With the advent of Unbundling of Transco's core services, a number of the existing standards are no longer relevant." The Proposal also makes it clear that it aims to replace the existing Standards of Service Regime introduced by Modification 0204; remove those areas of the current regime which are or will be subject to competition; adjust those standards which are deemed still applicable and propose some new standards aimed at improving the customer transfer process and resolution of queries.

As it has been generally acknowledged within the Work Group that Modification Proposal 0514 requires some amendment Transco has developed this present Proposal based upon its interpretation of the intent of Modification Proposal 0514 together with clarification obtained via the Standards of Service Development Work Group created to develop that Proposal.

### **Nature of Proposal**

This Proposal contains a complete standards of service package structured as follows:-

#### **Absolute Limitation of Liabilities (Cap)**

Transco proposes to link a % absolute Cap to its profits on ordinary activities and that, as is currently the case (and was recommended by RG0072), the Absolute Cap be sub-divided to avoid possible perverse incentives in certain areas.

Discussions in the Standards of Service Development Work Group have indicated that each of the proposed standards are of equal priority, in view of this, in sub dividing this cap, Transco proposes to set individual caps for each standard, the sum of which equates to 20 % greater than the absolute cap. This will ensure an incentive is retained across the entire

regime. However, should liability payments reach the absolute cap in any one period, sub cap payments (and any components within each sub cap) will be pro rated such that the absolute cap is not breached.

Similarly, should any sub cap limit be breached in any one period, the component payments within the sub cap will be pro rated, where applicable, such that a sub-cap be applied to each of the customer types, “Domestic” and “Industrial & Commercial”. This would ensure that a major failure in one area would not preclude liabilities being paid to the other customer area. It is proposed that the existing consumption threshold of 73,200kWh should be used and for this reason (to be consistent with the Network Code) the terms ‘Smaller’ and ‘Larger’ Supply Points will be used.

Proportion for incentives related to Larger Supply Points 50% of respective sub cap

Proportion for incentives related to Smaller Supply Points 50% of respective sub cap

### **High Level Principles of Operation**

Following discussion in the Standards of Service Development Work Group Transco also proposes the following principles of operation as part of the Standards of Service regime

### **Shadow Log**

Operation of any shadow arrangement must be cost effective and simple to operate for both Transco and Users.

The shadow log should act to moderate User behaviour and inhibit the generation of liability payments from Transco through inappropriate action (or inaction).

“Polluter pays”, i.e. the User(s) responsible for problems will be excluded from receipt of any payments in relation to the respective standard.

Scope of shadow log arrangements should in the first instance be limited to those activities that impact on the standard of service process to which they relate.

The Standards of Service Development Work Group should determine detail of the rules of operation for individual standards.

Where there are interdependencies between standards payments will only be made against the standard incurring the higher liability, all payments in respect of dependant standards will be suspended for the same occurrence.

### **Query Management**

The query definition developed by the Standards of Service Development Work Group, subsequently ratified by the Standards of Service Sub Committee be utilised for GT queries and that the Standards of Service Development Work Group should continue to

develop a definition for Metering queries that remain under the jurisdiction of Transco until Metering Separation.

Query Management standards for Metering related queries are transitional and will be removed from the Network Code upon the implementation of Metering Separation.

Data Quality – existing Previously Submitted Query (PSQ) Rules to apply as determined by the Standards of Service Development Work Group.

Existing Standards of Service for the Management of Shipper Operational and Invoice Queries (Bosworth Agreement) to act as baseline for business rules.

### **Reporting**

All reporting will be output based.

### **Invoicing and Payment**

Existing Network Code rules under section V13.4 will apply

**Table of proposed Standards and Incentives**

Item	Sub-cap	Proposed Standard	Failure	Incentive Payment	Shadow Log
<b>Existing Standards Retained</b>					
Provision of DM Meter Reads	Larger Supply Point	97%	by 11.00 hrs D+1	£20 per Supply Point	N/A
			Each Subsequent Day	£20	
Production of CV data to shippers by 11.00 hrs and 16.00 hrs	N/A	All Failures	>D+7 by 16.00 hrs D+1	£30 £50 per User, per event	N/A
			Where Transco becomes aware of a change to published CV Data it will endeavour to advise the User within five business day	£100 per User per event	
Invalid Offer (LDZ)	Larger Supply Point	All Failures	Existing Network Code Rules	£100 per confirmation	N/A
Nominations Referred	Larger Supply Point	97%	>12 days >17days	£30 £50 per nomination	✓ Access problem for site visits
Suppressed reconciliation DM (SRV's) (NB this standard excludes those suppressed items covered by USRV arrangements)	Smaller Supply Point	98%	>1m >2m (invoice month following resolution of suppression)	£40 £60	N/A
Suppressed reconciliation NDM (SRV's) (NB excludes those suppressed items covered by USRV arrangements)	Smaller Supply Point	98%	>1m >2m (invoice month following resolution of suppression)	£20 £30	✓ Must Reads
Adjustments to GRE Invoices	Larger Supply Point and Smaller Supply Point		As per rules agreed for Modification 0385		N/A
Site Visits (excludes GSOS for Metering Visits)	Larger Supply Point and	95%	Failure to keep appointment for agreed site visit	£20	where appointment agreed and User fails to

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	Smaller Supply Point		(existing rules for agreed site visits ratified by Development Work Group)		attend or Transco is unable to obtain access
Gas not made available (I&C) (DM) (NDM) (Interruptible)	Larger Supply Point	All Failures	Existing Network Code Rules apply	Greater of 10 x Annual Capacity for Firm or 5 x Annual Capacity for Interruptible or DM £250 NDM £50 per Supply Point	N/A
File format governance for UKlink Class 2 and 3 changes as Existing Network Code Rules. Consult on proposed change, Give notice of change of not less than 3 months, Failure to notify of non implementation of change within one business day.	N/A	All Failures All Failures All Failures	No consultation No notice Not implemented  Existing Network Code Rules apply	£500 per User, per failure	N/A
<b>Proposed New Standards</b>					
Non Availability of UK Link System (as definition per UK Link manual) excluding planned outages.	N/A	99% of service availability as defined in UK Link manual	system unavailable for a period not less than 24 hours	£1,000 per User affected	✓ Where failure can be attributed to inappropriate actions of a User, affected Users should have the right to recover incentive payments from such user.
Non Recovery of UK Link System (definition per UK Link manual)	N/A	All Failures recovery with in 5hrs as defined in UK Link manual	repeated failure within the business day following recovery	£50 per user affected 1st repeated failure to increase by 100% for each subsequent failure within the business day per user affected	✓ Where failure can be attributed to inappropriate actions of a User, affected Users should

			e.g. £50, £100, £200, £400, £800	have the right to recover incentive payments from such user.
<b>Query Resolution GT</b>				
I&C Queries resolved	Larger Supply Point			✓  In order to protect users from the potential for gaming where a User submits invalid queries exceeding 10% of the total volume of queries submitted by that user in any month they shall be excluded from receiving any benefit from this standard.  (Volume limits to be recorded based upon a Larger and Smaller supply points)
(Duplicates excluded from incentive payment)		35%	4days	£5
		80%	10days	£10
		95%	20days	£50
		All	>40days	£100 pcm
		Failures		£200
Domestic Queries resolved	Smaller Supply Point			✓  as I & C queries above
(Duplicates excluded from incentive payment)		35%	4days	£2.5
		80%	10days	£5
		95%	20days	£10
		All	>40days	£25 pcm
				£50

Failures

**Query Resolution Metering**

(Transitional Standard to be removed from Network Code at Metering separation date)

Larger  
Supply  
Point

✓

In order to protect users from the potential for gaming where a User submits invalid queries exceeding 10% of the total volume of queries submitted by that user in any month they shall be excluded from receiving any benefit from this standard.

NB Upon separation it is proposed that the standard will be suspended for a short period to permit systems "cut over"

(Volume limits to be recorded based upon a Larger and Smaller supply points)

I&C Queries resolved

35%	4days	£5	£5
80%	10days	£10	£20
95%	20days	£50	£100
All Failures	>40days	£100 pcm	£200 pcm

Domestic Queries resolved

Smaller  
Supply  
Point

✓

as I & C queries above

35%	4days	£2.5	£2.5
80%	10days	£5	£10
95%	20days	£10	£20
All Failures	>40days	£25 pcm	£50 pcm

NB All proposed standards are subject to development of agreed business rules.

### **Purpose of Proposal**

To replace the current Standards of Service package contained within Transco's Network Code to take account of the effect of competition in certain areas and to reflect the needs of Transco's customers in directing their resources to the delivery of an acceptable level of service.

### **Consequence of not making this change**

The Standards of Service and Liabilities regime currently within Transco's Network Code will remain unchanged. The standards will continue to apply to contestable services and areas that are inappropriate to the existing incentive package.

### **Area of Network Code Concerned**

C, E, G, J, M, U and V

### **Proposer's Representative**

Mark Cockayne (Transco)

### **Proposer**

Steve R Phillips (Transco)

### **Signature**

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