

Draft Modification Report
Release of the identity of the incoming Shipper/Supplier to incumbent upon supply point transfer processes"

Modification Reference Number 0487
Version 1.0

This Draft Modification Report is made pursuant to Rule 8.9 of the Modification Rules and follows the format required under Rule 8.9.3.

1. The Modification Proposal

That the identity of the incoming or confirming shipper/supplier is disclosed to the incumbent shipper/supplier following confirmation. Initially, this can be facilitated by Transco being able to disclose the identity in response to an enquiry or request for information (RFI).

In the context of the current Ofgem consultation on the governance of the Change of Supplier process, we suggest consideration be given to incorporation of this detail within the file format with which Transco notifies the incumbent shipper of the confirmation of the supply point.

2. Transco's Opinion

In justification of this Proposal BGT states "The current process for transfer of customers, while effective in a vast majority of cases, does result in a significant minority of exceptional cases which need manually addressed e.g. Erroneous transfers." It is Transco's opinion that releasing this information for 100% of supply point transfers is not necessary or economical as less than 2% of supply switching results in an erroneous transfer, (Source - Ofgem's "Review of domestic gas and electricity competition and supply price regulation - Evidence and Initial Proposals to ease of switching"). It is also worth noting that Ofgem's Erroneous Customer Transfer Charter (developed by Ofgem & Energywatch in consultation with and supported by the industry) puts an emphasis on reducing the existing 2% by other means.

Transco remains sympathetic towards the objective of decreasing erroneous transfers but feels that the existing process whereby Users can request information via the Request for Information (RFI) bureau is sufficient to resolve the already small number of erroneous transfers until such time that Ofgem's charter has achieved its objective.

3. Extent to which the proposed modification would better facilitate the relevant objectives

The proposer has not suggested, and Transco is unclear, how this Modification Proposal might better facilitate the relevant objectives.

**4. The implications for Transco of implementing the Modification Proposal , including
a) implications for the operation of the System:**

None identified.

b) development and capital cost and operating cost implications:

There would be a relatively minor cost to Transco to develop systems.

c) extent to which it is appropriate for Transco to recover the costs, and proposal for the most appropriate way for Transco to recover the costs:

Transco does not propose any additional cost recovery.

d) analysis of the consequences (if any) this proposal would have on price regulation:

Transco has not identified any such consequences.

5. The consequence of implementing the Modification Proposal on the level of contractual risk to Transco under the Network Code as modified by the Modification Proposal

Transco is not aware that any additional contractual risk would be introduced if this Proposal were implemented.

6. The development implications and other implications for computer systems of Transco and related computer systems of Users

In order to develop this Modification Proposal a relatively minor change to Transco's UK Link System would need to be implemented.

Beyond the need to receive this additional data Transco is not aware of any impact on User's computer systems.

7. The implications of implementing the Modification Proposal for Users

The implementation of this Modification Proposal might give some Users a marketing advantage as Transco would be routinely releasing potentially confidential information to the outgoing User.

8. The implications of implementing the Modification Proposal for Terminal Operators, Consumers, Connected System Operators, Suppliers, producers and, any Non-Network Code Party

If implemented this Proposal might improve a small minority of consumers experience of the transfer process. On the other hand, some consumers, might be exposed to the outgoing Shipper/Supplier trying to win back business through unwelcome, targeted, marketing exercises.

Transco is not aware of any impacts on any other parties.

9. Consequences on the legislative and regulatory obligations and contractual relationships of Transco and each User and Non-Network Code Party of implementing the Modification Proposal

Transco would not wish to implement this Proposal if it created any tension with Standard Condition 31 of the Gas Transporters Licence which was introduced to facilitate supply point transfer, by releasing information to customers and/or their agents.

10. Analysis of any advantages or disadvantages of implementation of the Modification Proposal

Advantages

A small number of erroneous transfers may be dealt with more efficiently

Disadvantages

A marketing advantage may be gained by some Users in identifying their successful competitors

Potentially confidential data would be moved around the industry with no clear purpose on 98% of occasions.

11. Summary of the Representations (to the extent that the import of those representations are not reflected elsewhere in the Modification Report)

Representations are now invited.

12. The extent to which the implementation is required to enable Transco to facilitate compliance with safety or other legislation

Transco does not believe that implementation of this Proposal is required to comply with any safety or other legislative requirements.

13. The extent to which the implementation is required having regard to any proposed change in the methodology established under Standard Condition 4(5) or the statement furnished by Transco under Standard Condition 4(1) of the Licence

Transco is not aware of any such requirements.

14. Programme of works required as a consequence of implementing the Modification Proposal

Beyond the relatively minor UK Link change, Transco is not aware of any works which would be required as a consequence of implementation of this Modification Proposal.

15. Proposed implementation timetable (including timetable for any necessary information systems changes)

If directed to implement, a change to Transco's UK Link system would be required. This may take several months to complete however, in the case of an erroneous transfer incumbent Users are already able to gain the new Users details via the RFI bureau.

16. Recommendation concerning the implementation of the Modification Proposal

Transco does not at this stage recommend implementation as it believes the Proposal is unnecessary. However it may be considered useful to modify the Network Code to regularise the present practises.

17. Text

Representations are now sought in respect of this Draft Report and prior to Transco finalising the Report

Signed for and on behalf of Transco.

Signature:

Tim Davis
Manager, Network Code

Date: