

Jon Dixon
Head of Gas Network Codes
Office of Gas and Electricity Markets
9 Millbank
London
SW1P 3GE

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Dear Jon

Industrial and Commercial Suppliers' views on Modification 0087 "Single Centralised On-line Gas Enquiry Service - Removal of redundant UNC provisions".

As you are aware National Grid first discussed raising Modification 0087 at the May UNC distribution Workstream. This modification aims to remove the references within the UNC that refer to the Supply Point Information Service (TPD Sections G1.9.10 to G1.9.12 inclusive). In the Modification National Grid states that the reason for the proposal is to "avoid dual governance and potential conflict." As we will demonstrate below, we question the validity of this statement.

In order to demonstrate in detail the implications of the UNC provisions we have examined each Paragraph individually.

G1.9.10: *"The Transporter has established and shall maintain an information service (the "Supply Point Information Service") in accordance with and subject to the provisions of Standard Special Condition A31 of the Transporter's Licence."*

Prior to the DN sale, Transco (as was), provided this service outside of the Uniform Network Code. In response to the concern that fragmentation of Network would result in the Transporters operating different sets of systems the Modification 717 was raised to incorporate this into the UNC.

Ofgem supported this modification as it would "Give greater governance to the provision of a key service to Users." And "Set a benchmark for service standards against which future change proposals can be assessed" However Ofgem notes in its decision letter that "the change management of the Guidelines requires Transco to consult Users, but is not subject to the full Network Code change control. There is a therefore a risk that a change could be proposed ... and implemented even though a ... number of Users did not Support the change".

In this decision letter Ofgem highlights the fact that Users do not have governance over the Supply Point Information Service. It is therefore evident that National's Grid's concerns over dual governance is based on an incorrect understanding of the UNC.

G1.9.11 *Subject to paragraph 1.9.12, where a User requests information from the Supply Point Information Service, the Transporter shall provide in a timely manner such information that it is obliged to provide pursuant to Standard Special Condition A31 of the Transporter's Licence and subject to the provisions therein (the "Supply Point Information").*

We acknowledge that the Transporters are obliged by Standard Special Condition A31 to provide this information. No reference is made to how this obligation will be discharged however. Supply Point Administration is undertaken through the UNC and it is appropriate that a reference is made to the document that details how Supply Point Information is provided. It is disappointing that National Grid seeks to remove this reference that was incorporated via modification 0717. If this reference is removed then Shippers will not have the visibility of changes that will occur to this essential service, even though they still cannot influence them.

It is interesting to note that the system changes that are being implemented to incorporate iGT data with Transporter data (UKL 13725) are being progressed through the UK Link Committee, which is a UNC-controlled process. It seems unreasonable that a service that depends on UNC-governed systems should not even be referenced within the UNC!

G1.9.12 *The Transporters shall publish a document as prepared and revised from time to time by the Transporters (in consultation with Users) setting out the methods by which a User may obtain the Supply Point Information (the "Supply Point Information Service Guidelines") and where a User requires any Supply Point Information, it shall follow the procedures as set out in the Supply Point Information Service Guidelines.*

As we understand it, the SPAA service proposed is similar in format and scope to the current UNC service. We fail to understand why the Supply Point Information Service Guidelines cannot be modified to reflect incremental changes in the SPAA service. The current SPIS guidelines seems to specify both the UNC and SPAA provisions at present and there is no reason why this cannot continue. As UNC shippers (who are not members of SPAA) are unable to raise changes via the UNC, there is no possibility of conflicting changes being progressed.

Summary

We hope that this letter impresses upon you the significance of allowing such a change to be made to the UNC. If implemented non-SPAA members will no longer have the assurance that the services they use will continue to be available. This will have a detrimental impact on Supply Point Administration in the longer term as non-SPAA members struggle to keep up with changes undertaken in SPAA. Conversely we see no benefit deriving from this modification as we feel the dual governance issue does not exist.

In order to discuss the points raised in this letter we would welcome the opportunity to meet with you in the near future. Please let us know when this would be convenient.

Yours Sincerely



Phil Broom
Regulatory Affairs Analyst
Gaz de France ESS

This letter has been sent on behalf of:

Total Gas & Power
Statoil
Shell Gas Direct
Gaz de France ESS
Corona Energy