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Dear Tim

RE: Modification 0183 – Provision of Data in respect of downstream networks by the iGT directly connected to the Distribution Network

Thank you for this opportunity to respond to UNC modification proposal 0183. iGTs have been working with DNs and other interested parties for a number of months to update the terms of the CSEP NExA in light of the current operation of the market. This work is ongoing, and the current modification relates to one area that is being discussed. This response is written on behalf of ES Pipelines, ESP Pipelines, ESP Networks and ESP Connections (hereafter 'ESP').

Modification 0183 seeks to ensure data transfer from nested networks to xoserve for reconciliation purposes. Two options have been tabled and briefly discussed at the CSEP NExA workgroup. It has become clear that to date, this proposal is the preferred option among DNs. The IGTs prefer the alternative option, whereby each nest reports directly to xoserve, avoiding inefficient data handoffs and unnecessary handling of the same information by multiple parties. However, iGTs have not proceeded further with this option given that the issue has not yet been granted sufficient time to reach a potential collaborative outcome.

To be clear from the outset, ESP does not support the current proposal, and believes strongly that there is a preferable alternative already in discussion. However, although reference has been made to this alternative in the DMR, this response addresses the merits of the current proposal only.

Firstly, it is useful to be clear about the problem this proposal seeks to address; namely that currently, consumption on nested networks is rarely being reported to the relevant DN (xoserve) via CPM. ESP questions whether this proposal will actually solve this problem. It may simply serve to highlight the current process deficiencies. A more important piece of work will be necessary to give this proposal any weight: iGTs will be required to put together the processes, including potential file formats and validation rules, to allow the 'daisy-chain' of flows to result in prompt, accurate, and timely data transfer. There has been little consideration of the practicalities of this proposal. It would have been preferable if time had been allowed for further work to be carried out to gain a greater understanding of how the process might work in practice.

iGTs have in the past been in the situation whereby significant implementation issues need addressing post-approval in order to make a modification workable. On this occasion, ESP would like to make it very clear at this early stage that it believes the proposal to be unworkable, and suggests that would be desirable for all parties to look at this matter in more detail, if there is an appetite to do so.

There are a number of considerations that ESP would like to highlight in this response:

The proposal states that,

“[t]he prompt, accurate and timely transfer of data between iGTS and DNOs is essential to ensure compliance with the provisions contained within Annex A of the LDZ CSEP NExA. Furthermore, the passing of data directly impacts on the efficient operation of the UNC by DNOs, particularly concerning the levying by DNOs of accurate transportation invoices [to shippers].”

It is curious then that the proposer admits that implementation of this modification would be counter to this assertion, in introducing unavoidable delays to the provision of data to the DNs. ESP cannot stress enough how undesirable it would be to introduce an information ‘daisy-chain’, of varying length, when attempting to create a robust system for data transfer.

There has been no discussion to date as to the extent to which the ‘lead’ iGT would be liable for the non-submission of data by nested parties. The proposal alludes to commercial agreements between iGTs to address this. It may be that a reconfigured NExA would be able to address this, if given time to develop. Additionally, it should be remembered that iGTs have an obligation under iGT UNC to resolve file rejections within certain timescales which would need revisiting to ensure that the reliance on a third party is adequately reflected.

The proposal suggests that opening and closing LMNs as a result of changes in shipper on Industrial and Commercial sites will involve the lead iGT. This activity does not pertain to changes in consumption and is simply an administrative process. It would seem unreasonable to expect a third party iGT to incur expense as a result of a basic SPA operation in a nested network.

The proposal advocates a minimum of weekly updates. ESP notes that there may be a desire in the future that the frequency of updates (file submissions) is increased, to further improve accuracy of information for shipper billing. However, implementing a system which involves passing information up a chain would severely hinder this prospect.

One final but significant consideration is that of cost of implementation. ESP believes that the cost involved in automating the implementation of this modification would be disproportionate. (This may be true to an even greater extent for other iGTs.) So, a number of parties would each be required to enter into systems development to allow the receipt and aggregation of nested consumption data. Otherwise, dealing with these files would be a costly and time-consuming manual exercise on at least a weekly basis, even if all data was supplied on agreed timescales and in the correct format by nested networks. CPM, which is an exercise that ESP carries out at its own expense for no commercial gain whatsoever, would become a rolling week-long activity, rather than one to be carried out for a part of a day once a week. Since iGTs are already set up to report directly to xoserve, ESP considers that it would be more efficient

for a single party (xoserve) to make changes to allow receipt of multiple files (one per LMN per iGT) and aggregation of these files. ESP would urge serious consideration of an alternative solution.

In reference to the better facilitation of the relevant objectives, ESP does not dispute the majority of the specific points made in the proposal. However, whilst on the one hand, the efficient and economic operation of the large transporter's pipeline system is promoted in theory, this would not be the case for iGTs, for the reasons of cost outlined above. I have also already mentioned the potential hand-off issues that would be likely to lead to **less** timely transfer of data than desired. In short, the assertions made in the modification proposal must be taken the context of a code whose parties are largely unaffected - process-wise – by the changes proposed.

ESP notes, however, that the proposal would not make the current situation any worse: at present, this information is not being passed at all to the DNO in most instances, which requires urgent redress. Nevertheless, it is worth reiterating that because there is no current process to improve upon, the opportunity to start from a 'blank slate' should not be overlooked in favour of an 'on the surface' obligation with no workable process behind it.

The sole outcome of this modification by a large transporter via UNC is the placing of an obligation on transporters not party to that code. For this reason, I would urge full and particular consideration by all parties of the issues raised in this response. To summarise, ESP believes that the perceived gain of the modification to UNC transporters and shippers is outweighed by the impact of the expensive, impractical and sub-optimal process it seeks to impose on iGTs. However, since little work has been carried out to date to understand the scale of the problem, and few details are available as to how iGTs would best implement an obligation which they have always maintained will be unworkable, this view will unfortunately remain unqualified for the time being.

Should you wish to discuss any of the points raised in this response, please do not hesitate in contacting me.

Yours sincerely

David Speake

ES Pipelines Ltd