

Variation Request

Modification 0231 “Changes to the Reasonable Endeavors’ Scheme to better incentives the detection of Theft”

Date: 02/11/2009

The Proposer, British Gas, requests a variation to this Proposal, pursuant to UNC Modification Rules Section 6.5.1(c) of the UNC.

Reason for Variation

Following discussions with Scotia Gas Networks and Ofgem, unforeseen impacts in the current Proposal drafting have been identified. The Proposal has therefore been amended to:

1. Retain control of the Transporter specific aspects of the Reasonable Endeavours Allowances Scheme document with Ofgem, by removing paragraphs related solely to theft during the conveyance of gas.
2. Remove paragraph 4(ii)(aa) from the drafting in line with Ofgem advice that this paragraph is no longer needed, and rendered unnecessary by paragraph 4(ii)(bb).

Nature of Variation

The proposer agrees that there are unforeseen consequences of the current Proposal drafting which go further than the intent of the Proposer and has submitted this variation to correct the errors (changes have been underlined and are in red):

1. Governance

There are currently two different documents relating to the Reasonable Endeavours scheme which will be affected by this modification; the Reasonable Endeavours Allowances Scheme (otherwise known as the Designation, see Appendix Two for the current document) and the Reasonable Endeavours Scheme and Guidance (see Appendix Three for the current document).

This proposal requires the obligations existing under sections four, five and six, and the subsequent table (entitled “Table 1”), of the Reasonable Endeavours Allowances Scheme (Appendix Two) produced by the Transporters under their licence and designated by Ofgem, to be incorporated within the Uniform Network Code document, thus creating an appropriate governance framework in which it can continue to operate.

Pages one and two, and sections one, two and three of the Reasonable Endeavours Allowances Scheme (Appendix Two) will remain outside of the Uniform Network Code and be retained by Ofgem.

Furthermore, this change will delete paragraph 4(ii)(aa) from page four of Appendix Two. Following discussions with Ofgem it is considered that this paragraph is too broad, and that 4(ii)(bb) suffices.

In addition, and in order to improve both the clarity and transparency of the Reasonable Endeavours Scheme, this proposal also requires a new UNC Related Document to be created. The content of this document would be the guidance contained within the Reasonable Endeavours Scheme Document, pages three and four in the attached Appendix Three, produced by Transporters. For clarity, the guidelines contained at the end of this document, on pages five and six, will remain outside the Uniform Network Code, and hence will not be subject to Uniform Network Code processes or governance.

It is proposed the new UNC Related Document will only be amendable by the raising of a Modification Proposal and consequently the application of the Modification Rules.

2. Claim Levels

Changes to paragraphs 3, 4 & 10 of this section.

Under the existing scheme, for some claim types, Shippers are able to make claims under the scheme to recover their actual costs without a limit to the value able to be claimed: this proposal would not change this.

In order to provide adequate incentives, the level of compensation available to Shippers under each claim type has a 'capped' or fixed limit which would be extended to a maximum of £1000 in each case under this proposal.

The maximum permitted claim values are set out in a table within the present Scheme. It is therefore proposed that the UNC is amended such that this table, with the revised values, is incorporated within the UNC and becomes part of the scheme as included within the UNC. To illustrate what is envisaged by the Proposal, an amended table is attached to this proposal as Appendix One.

Proposers Representative

David Watson (British Gas)

Proposer

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