

CODE REVIEW PROPOSAL No 0162

“Review of information provision to Shippers in respect of forecasting the future path of transportation charges”

Version 1.0

Date: 11 July 2007

Nature and Purpose of Proposal

In order to assist in the management of transportation price risk faced by Shippers and Suppliers, Users need additional information to be supplied from the Gas Distribution Networks (GDNs) and NTS. This information would extend, and, in future, possibly replace, that already provided under the terms of Modification 0698 to Transco’s Network Code. The aim of the information provision is to assist Users in forming an informed view of the likely future path of transportation charges which can then be appropriately reflected in supply charges. By reducing the risk faced as a result of uncertainty regarding the future level of transportation charges, effective competition would be facilitated to the benefit of consumers.

It is anticipated that a Review Group would consider the information which it would be appropriate for the GDNs to publish. The information would relate, among other things, to:

1. the projected maximum allowed revenue permitted to be collected under the terms of each price control formula
2. the projected level of revenue which was anticipated to be collected at the time when transportation charges were set
3. the actual revenue collected during the year
4. an assessment of the causes of discrepancies between 2 and 3 above
5. an assessment of any movement in the projected maximum allowed revenue

It is also proposed that the Review considers the information to be provided in relation to all aspects of transportation charge generation, for example, reporting against all relevant incentives which affect the revenue collected by the GDNs and tracking the movement in allowed and collected revenue over time. The Review would also cover the frequency and format of information provision.

The primary objectives of the review group are to reinforce equal access to meaningful information for all participants in a usable format, to increase information transparency and facilitate the provision of choice to customers by supporting competition.

For the avoidance of doubt, this Review Proposal is intended to be complementary to Review Proposal 0140. It is expected to cover very different material and publication may be through a different platform to National Grid’s Information Exchange web site. This Review Proposal is also primarily focused on providing new information to the industry, with the rationalisation of current information being of lower emphasis than under the terms of Review proposal 0140. For these reasons, the Proposer believes that a separate Review Group is necessary.

The Review is intended to take a wide ranging view of the longer term transportation reporting requirements of Users from April 2008 and onwards through the next price control review period and beyond.

Following the Review, any changes that have been identified as beneficial by the Review Group would be raised via the relevant governance process.

Any further information (Optional)

Suggested terms of reference

The group is asked to consider:

1. Carrying out a data exercise on relevant information currently made available to Shippers
2. On the information above, identifying the continuing relevance and any improvements required
3. Identifying additional data items and timescales for provision together with an assessment of the expected benefits
4. Assessing the likely costs of reporting provision and the best mechanism for delivery
5. Assessing how the proposed changes better facilitate the relevant objectives
6. Identifying next steps and suggested timescales

Code Concerned, sections and paragraphs

Uniform Network Code

Transportation Principal Document

Section(s) Section V, Network Code Operations Reporting Manual

Proposer's Representative

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Proposer

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