Sub-deduct Arrangements

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Purpose

- Response to Workstream action
- Highlight other relevant points
- Why do they exist?
  - Engineering reasons – economic arrangement
  - End User has derived an economic benefit
- What is the driver?
  - Safety responsibility
  - Others?
- Identify industry way forward?

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Scale

- National Grid –
    - 1,013 arrangements (ie: primary meters)
    - 2,235 sub deduct meters

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Options - Adoption

- Existing Adoption Rules
  - Gas Industry Registration Scheme (GIRS)
  - Allows DNs to adopt pipework where built to a specified standard
- Wholesale Adoption
  - Time lag to validate pipework standards
  - Uncontrolled risk on DNs in the interim – Safety Case implications
  - Workload implications
  - Cross subsidy – industry pays for engineering solution as opposed to the relevant site/installation owner
- Phased adoption
  - Reduces risks identified above
  - Reduces workload implications
- Adoption case by case
  - Only logical way to effectively transfer ownership but long transition period
  - Enables consideration of individual circumstances

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Options – Others?

- Education
  - Land or property owner deemed to be responsible
  - Make aware of safety and maintenance obligations as pipework owner

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Issues

- 'Reluctant' Transferees
  - Some owners may wish to retain ownership
  - May be resistance where considerable expense has been incurred to date in respect of maintenance and or replacement
- Reviewing/replacing installations
  - Financing – cost allowance (CAPEX/OPEX)
  - Initial assessment - site visit cost
  - Access issues (eg: secure sites MOD etc)
    - High proportion of I&C sites
  - Physical issues (eg: runways, flats)
  - Easement issues (potential to increase expense)
  - Timescales

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Conclusions

- Adoption is possible, but
  - Funding
  - Cross subsidy
  - Installation standards
  - Practical barriers
- National Grid favours
  - Education of notional pipeline owner
    - Make aware of safety and maintenance obligations
  - Adoption only under GIRS on a case by case basis where the pipeline owner initiates the request
    - Remove scope for cross subsidy

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