

Representation For. 0008(0731)
"Specific Amendments to the Modification Rules"
Version 2.0

Date of Communication: 04/01/2005
External Contact: Tanya Morrison (Shell Gas Direct Ltd)
Slant: For
Strictly Confidential: No

Abstract

Shell Gas Direct Limited

Mr Julian Majdanski
Modification Panel Secretary
NGT House
First Floor, D3
Warwick Technology Park
Gallows Hill
Warwick
C34 6DA

4 January 2005

Dear Julian

Modification Proposal 0731 : Specific Amendments to the Modification Rules

I refer to the above modification proposal raised by British Gas Trading. It proposes a number of amendments to Network Code Governance following discussions at the Governance workstream meetings.

Shell Gas Direct (SGD) supports this proposal. We note that Transco has made a number of objections some of which we address these below. We note that Transco does not object to the proposal in its entirety; and therefore assume that if Ofgem does not accept this proposal, Transco will be willing to raise a modification proposal encompassing those aspects of this proposal to which it has not raised objections.

Transco does appear to be concerned that a shipper representative could take on the role of vice-chair. We are not convinced that the objections it has set out in the draft modification report are robust. In many cases when the chair has not been available, it has been possible for another Transco representative to step in. However, on other occasions, shippers have had to wait until

Transco staff arrived. It would be more efficient if this time could be taken up with basic housekeeping such as corrections to minutes etc. SGD considers that it is preferable to choose the chair on the basis that they know the subject well, as discussions often continue from earlier sessions, rather than on the basis of a person's employer.

Transco's licence obligations in relation to the Network Code are to established 'transportation arrangements' and to prepare code modification rules (now included within the Network Code). We do not see that these obligations relate to whether or not Transco chairs meetings at which the Code and proposed modifications are discussed. Any chair of a meeting, whether Transco or a shipper, would be subject to the chair's guidelines. We see no reason to expect that a shipper representative would not follow these guidelines as shipper would, at minimum, be subject to the contractual obligations as a party to the Code. Transco appears to be implying that Ofgem has some remit over how it chairs meetings: we had not understood this to be the case. If it is the case, it would suggest that shippers should be raising any concerns about how meetings are being chaired with Ofgem with the possibility that this could lead to an investigation of a potential licence breach by Transco.

SGD supports this modification proposal. It will further the Relevant Objectives as good governance is consistent with the efficient operation by Transco of its pipe-line system. We consider that this proposal will provide further transparency and accountability and will not negatively affect efficiency. We do not consider that the appointment of a shipper vice-chair is inconsistent with Transco's licence obligations in relation to the Network Code.

Yours sincerely

Tanya Morrison
Regulatory Affairs Manager