



Steve Brown  
Technical Adviser  
Office of Gas and Electricity Markets  
9 Millbank  
London  
SW1P 3GE

Scotia Gas Networks  
St. Lawrence House  
Station Approach  
Horley, Surrey  
RH6 9HJ

Telephone: 07816 222761

Our Reference:

Your Reference:

email: malcolm.burns@sgn.co.uk

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Dear Steve,

## **Consultation on responsibility for UNC sub-deduct arrangements**

SGN welcomes the opportunity to respond to Ofgem's open letter consultation on responsibility for Uniform Network Code (UNC) sub-deduct arrangements. We agree that continued uncertainty of ownership, and hence responsibility, raises concern over security of supply and gas safety.

We agree with Ofgem's provisional position that the sub-deduct assets are the responsibility of either the site owner or operator, or National Grid Gas (NGG) as British Gas' relevant statutory successor. Further, we agree that it is unlikely that the site owner / operator would be responsible without knowledge of such responsibility. We note that only approximately 42 site owners / operators have pro-actively assumed responsibility for the maintenance of sub-deduct arrangements.

We do not believe that the responsibility for sub-deduct arrangements were passed to us at DN sales; we have seen no evidence that would support the view that sub-deduct arrangements were transferred at that time.

Furthermore, we would be unwilling to take responsibility for such systems until re-engineering works have been completed and the sub-deduct arrangement has been removed, all relevant pipe work has been re-designated as mains, service or riser pipe work and the relationship between primary and secondary meters have been removed.

If responsibility for the sub-deduct assets is to be transferred to the GDNs at some time in the future, there are a number of practical concerns that will need to be addressed. These include:

- some sub-deduct systems cross-over between freehold landowners, hence formal agreements will have to be negotiated to ensure future access rights during re-engineering;
- difficulty in obtaining the level of access required to private property to undertake survey or re-engineering work, especially where multiple landowners are involved; and
- the additional complexity as a result of the primary meter, and potentially service regulator installations, being managed by a meter asset manager.

In addition, while we do not have any evidence that sub-deduct arrangements have been created since DN sales, any such arrangements would be at the behest of Meter Asset Managers and shippers. We therefore suggest that the views of Meter Asset Managers be sought in relation to this consultation.

Notwithstanding the concerns outlined above, we continue to be willing to work with Ofgem, NGG and the other GDNs to help ensure security of supply and gas safety; and to discuss options for transferral of ownership at the appropriate time.

Please contact me if you have any questions on any of the above.

Yours sincerely,

Malcolm J. Burns  
**Senior Regulation Manager**