



St Lawrence House
Station Approach
Horley
Surrey
RH6 9HJ

Rachel Clark
Programme Director
Switching Programme
Ofgem

By email to switchingprogramme@ofgem.gov.uk

15 January 2021

Dear Rachel,

Switching Programme and Retail Code Consolidation: Proposed Licence Modifications

SGN welcomes the opportunity to respond to the above consultation¹. Our response below is focussed on question 3.2 as this relates to the Gas Transporter licence.

Question 3.2: Do you agree with the proposed standard licence condition modifications as drafted in Appendix 6 (a-d) for the Gas Transporter Licence?

We understand and support the decision articulated in paragraph 3.6², to amend, rather than remove, SSC A15 in line with the proposed RIIO-GD2 amendments.

However, we have concerns regarding the proposed approach articulated in paragraph 3.5³ to retain SSC A31 in its entirety and insert the provision for the Authority to issue a derogation, rather than to modify the licence. At a principle level, the derogation approach creates a conflict by using a regulatory tool which is designed to be temporary in nature and applying it to arrangements which are intended to be long term and permanent. This conflict creates a significant regulatory risk for the Gas Transporters, as it is unclear how, and for what duration, the derogation would be applied, and removal at any time could result in compliance concerns and significant unnecessary investment if alternative amendments or derogations are not subsequently applied. From a practical perspective, the resourcing requirement to enact permanent licence modifications is likely to be similar to that required to enact the derogations but would not require the ongoing maintenance, and therefore permanent modification would represent a more efficient option.

¹ https://www.ofgem.gov.uk/system/files/docs/2020/11/november_2020_licence_consultation_doc2.pdf

² Consultation, p21: "3.6. We have also decided not to make a minor housekeeping change to Standard Special Condition (SSC) A15: Agency as part of the Retail Code Consolidation modifications. In June 2019, we proposed removal of this condition on the basis that, under SSC A15.1A, it had ceased to have effect. We have coordinated with the Ofgem RIIO-2 team and it will now take forward consideration of removal of that licence condition."

³ Consultation, p21: "3.5. ...we have decided not to remove obligations to provide Supply Point Information Services. Instead...we propose to add a power for GEMA to issue a derogation from these requirements"

Appended to this consultation response we include analysis undertaken by Northern Gas Networks which highlights the elements of A31 which require amendment, and those which would remain as per the current RII0-GD1 licence. This analysis suggests that seven clauses could be removed from the licence entirely, with two requiring amendment. If derogations were to be applied, then these would be required for at least nine clauses but could create gaps in the operational arrangements.

As such, we do not agree with the proposed modifications as drafted in Appendix 6 and would welcome reconsideration of this position.

Should you require any further information with regards to our response then please do not hesitate to contact me at Hilary.Chapman@SGN.co.uk

Yours sincerely,

Hilary Chapman

Regulation & Codes Manager
SGN

Appendix

Analysis of amendments required to Standard Special Condition A31: Supply Point Information Service

The below analysis is provided by Northern Gas Networks and is an initial review of potential amendments required to the condition.

SSSC A31	Description	UNC/DSC delivery	REC implications	Additional Notes	Possible Remedy
Para 1	Requirement to establish, procure, operate and maintain the Supply Point Information Service consistent with A15	N/A	<p>This is an overarching obligation for the services listed below.</p> <p>As A15 requires Services to be delivered by CDSP, the CSS/ REC service is not compliant due to reference to the GRDA.</p>	If the policy intent is for the services to be provided under REC, the obligation needs to reflect that the GTs cannot control REC provision, we can only influence it to a limited degree.	<p>Amend licence to</p> <ol style="list-style-type: none"> 1) Reduce level of obligation on GTs “The licensee shall make reasonable endeavours to establish.....” 2) remove requirement for service to be consistent with A15 to allow it to be provided by REC
Para 2 (a)	Maintain a register of specific data (contained in para 3)	UK Link used to provide register	Data will be sourced through REC and the CSS data flows	Data will continue to be held in UK Link	None required.
Para 2 (b)	Amend data to reflect change of supplier	UK Link updates through UNC data flows	Data will be sourced through REC and the CSS data flows	Data will continue to be amended in UK Link	None required.
Para 2 (c)	Provide a service to domestic customers for certain data items (defined in para 3)	‘Who’s my Supplier’ telephone and web service delivered through DSC ASGT-NC SA16-06 (ASGT-	REC delivery of a direct domestic consumer service does not discharge obligation, so will need to	REC delivery of a service would not discharge the GTs’ obligation, which could therefore result in a duplicated	Amend licence to remove obligation.

		NC SA12-06 from 1/4/21)	continue to be provided by Xoserve	service if the GT obligation remains.	
Para 2 (d)	Provide a service to Shippers, persons defined in UNC and non-domestic consumers	Xoserve telephone service provided to shippers through DSC ASGT-NC SA16-07 (ASGT-NC SA12-07 from 1/4/21)	REC delivery of a service to suppliers not compliant with requirements to provide information to Shippers or other parties	<p>GTs may be required to continue to provide a Shipper-facing service as Shippers are not party to REC. This Shipper service could be delivered by UNC obligation.</p> <p>As there are very few non-CSS Supply Points, most of which are directly connected to the NTS, there seems little benefit in retaining this obligation for non-CSS Supply Points.</p>	<p>Amend licence to remove obligation.</p> <p>Introduce a UNC obligation for GTs to provide information to Shippers.</p>
Para 2 (e)	Maintenance of the domestic service free at the point of delivery	'Who's my Supplier' telephone and web service delivered through DSC ASGT-NC SA16-06 (ASGT-NC SA12-06 from 1/4/21)	REC delivery of a direct domestic consumer service does not discharge the GTs' obligation, so will need to continue to be provided by Xoserve	REC delivery of a service would not discharge the GTs' obligation, which could therefore result in a duplicated service if the GT obligation remains.	Amend licence to remove obligation.
Para 2 (f)	Advertise the service adequately	Xoserve advertise service in phone book and through website	RECCo would need to advertise their service (which may differ)	GT obligation is discharged through CDSP service, RECCo service out of scope, which could result in duplication if the GT obligation remains.	Amend licence to remove obligation.

Para 3 (a) (i)	Identity of Shipper responsible under UNC	UK Link holds Shipper Short Code and name as provided by the shipper through the nomination/confirmation UNC flows	Identification of shipper will be sourced through a new CSS data flow, other than non-CSS supply points	Process for non-CSS supply points needs to be maintained through UNC	Amend licence to remove obligation. Introduce a UNC obligation to provide service for non-CSS Supply Points.
Para 3 (a) (ii)	Metering equipment	UK Link holds meter technical details (MTD) as provided by the shipper through RGMA flows	RGMA flows unchanged	For CSS/REC service this data would need to be provided by Xoserve	None required.
Para 3 (a) (iii)	Unique and accurate address	Provided by GTs on MRPN creation	REL and MPL may be different in REC, but MPL address continues to be provided by GT	In REC, GTs will only be able to change the MPL address, not the REL, and may not be have permission to view the REL	Amend licence to clarify that the address relates to the location of the end of the network (MPL address)
Para 3 (b) (ii)	Information for assessing the accuracy of charges	Billing data – AQ, SOQ, consumption from meter reads, CV. Currently held in DES or provided in IX data flows to shippers	Not included	GTs will be required to continue to provide data to shippers to verify charges – provided under UNC	Amend licence to remove obligation.

Para 3 (b) (iii)	Information to enable switching	GTs occasionally receive consumer/supplier queries which are preventing a switch, but there is no detailed specification	CSS Gas Enquiry Service (GES) should provide sufficient data for suppliers	GES would not discharge GT obligation as not procured through CDSP, potentially leading to duplication if GTs were required to maintain a separate service	If licence para 1 is amended as described above this problem is removed.
Para 3 (b) (iv)	Information identifying the supplier	Supplier Short Code and name as provided by Shipper through nomination/confirmation flows	Information provided by supplier to CSS will need to be passed to CDSP	No change to GT data flows, just source of information changed except for non-CSS supply points	Amend licence to remove obligation
Para 4	Not restrict, distort or prevent competition in metering or supply services	Use of standard UNC processes ensures this	REC service could ensure this other than it needs to be a CDSP service	Standard clause found in many conditions	None required.
Para 5 (i)	Provide pressure information associated with new connections	Provided by GTs through GT1 (for services) and connections processes	N/A	Will continue in-house by GTs	None required.
Para 5 (ii)	Provide information required for chargeable reinforcement	Provided by GTs through connections processes	N/A	Will continue in-house by GTs	None required.

Para 6 (a)	Grounds for refusal if prejudicially affecting commercial interests	N/A	N/A	N/A	None required.
Para 6 (b)	Grounds for refusal if person refuses to enter into contract	N/A	N/A	s10 Gas Act, UNC, UIP FCA, connections agreements	None required.
Para 6 (c)	For 2 (e), grounds for refusal if pre-notified costs not paid (by non-domestics)	Not currently chargeable	N/A	N/A	None required.
Para 7	For 5, not required to produce information that could not be compelled for court	N/A	N/A	N/A	None required.