

# TRANSCO CONNECTIONS INVESTIGATION

## DECISION DOCUMENT

### **1. INTRODUCTION**

On 7 January 1999 Ofgas, following a five month long investigation of Transco's connection activities, published a notice under section 29 of the Gas Act 1986 (the Act) of its intention to issue a final enforcement order against Transco under section 28 of the Act. A consultation document accompanied the notice.

This document reviews the responses to the consultation document and section 29 notice issued and explains Ofgas' decision to make an order under section 28 of the Act as proposed in the notice.

#### **1.2 *Ofgas' Decision***

Ofgas has decided that:

- (i) an order should be made against Transco under section 28 of the Gas Act in the form attached at Appendix 1 requiring Transco to obtain ISO 9001 certification for its connections quotation operations, to introduce compensation schemes for people adversely affected by late and wrong quotations and to audit these activities, and
- (ii) a direction should be issued against Transco under standard condition 5 of its licence requiring it formally to furnish its methodology for connection charges;

Ofgas will be holding discussions with Transco over the next week:

- (i) with a view to simplifying its proposed compensation procedures and requiring Transco to initiate the payments for failure to meet deadlines rather than for customers to have to take the first steps;

- (ii) to make Transco fully aware of the content of the responses to the consultation and of the need to address losses suffered by its customers for failure to quote properly in the past;
- (iii) to consider how to ensure that any benefit it may have obtained from over-quoting for connections is surrendered, if it will not reimburse persons overcharged in the past, and
- (iv) to consider a number of other points arising, including post-quotation activities and the payment of allowances against connection charges.

## **2. BACKGROUND AND STATUTORY DUTIES**

### ***2.1 Why an investigation was undertaken***

Ofgas has received complaints about Transco's connections operations from 1997 on a continuing basis. A survey to obtain a better understanding of the matters complained of was conducted in March and April 1998 and a full investigation was undertaken from 13 July to 17 December 1998. Following that investigation a notice under section 29 of the Act of intention to issue a final enforcement order against Transco under section 28 of the Act was published on 7 January 1999. Full details of the background to the matter, of the report on the investigation and of the terms of the proposed order are set out in the Ofgas publication "Investigation of Transco's connections operations – Preliminary Conclusions and Consultation" dated January 1999.

Under section 29 of the Act, not less than 28 days must be allowed after the issue of a notice to make an enforcement order, for representations or objections to be made to the Director. The Director must consider any representations or objections that are duly made and not withdrawn. Under section 28(5) of the Act, the Director shall not make a final order or make or confirm a provisional order if he is satisfied–

- (a) that the duties imposed on him by section 4 or 4A above preclude the making or, as the case may be, the confirmation of the order;
- (aa) that the licence holder has agreed to take and is taking all such steps as it appears to the Director for the time being to be appropriate for the licence holder to take for the purpose of securing or facilitating compliance with the condition or requirement in question;
- (b) that the contraventions were or the apprehended contraventions are of a trivial nature, or
- (c) that the most appropriate way of proceeding is under the Competition Act 1998.

In the exercise of these functions the Director must have regard to the duties set out in sections 4 and 4A of the Act.

### **3. RESPONSES TO THE CONSULTATION – REPRESENTATIONS AND OBJECTIONS TO THE PROPOSED ORDER**

Between 7 January and 8 February 1999 Ofgas received 22 responses to the 7 January consultation paper, from the persons listed in Appendix 2. A brief summary of the responses is at Appendix 3. The key points considered relevant to the decision to proceed with the order were as follows.

#### ***3.1 General Points***

Overall there was clear support for making an order and for the principal terms proposed to be included in it, compliance with ISO 9001, compensation in respect of delay in quotation and in respect of wrong quotations and audit. There was a strong view that the order should extend beyond the quotation process to the making of the final connection and concern that if it does not so extend, Transco will divert resources from making the connection to preparing quotations.

There were a large number of detailed comments on the mechanism for claiming compensation. The point of most concern was the difficulty that customers without specialist knowledge will not know enough to realise that they may have a claim. This point probably is best addressed by strengthening the audit requirements of the order, which will require the consent of Transco. Concern was also expressed that the information requirements proposed by Transco might be unduly detailed.

The inclusion of a cap on compensation payments was questioned, with some respondents asserting that the proposed level of £4m would not be sufficient to impact on the behaviour of a company with a £3b turnover. Ofgas will need to consider how to ensure that any compensation Transco may pay will not be passed through in the price control and whether the price control can be applied to deny Transco the benefit it may have obtained from possible overcharging.

A strong feeling was evident that Transco needs to do something to repay past overcharging. This also will be discussed with them. At this time queries regarding past connections should be directed to Neil Shaw, Commercial Manager, Transco, 31 Homer Road, Solihull.

### **3.2 *Points Made by Exoteric Gas Solutions***

Exoteric Gas Solutions (EGS) has made forceful representations expressing the view that the proposed enforcement order is inadequate and that because Ofgas takes the view that it cannot make an order to compensate for past breaches Transco is able wrongly to benefit from its past overcharging. EGS has estimated Transco's benefit at £42 million.

### **3.3 *Points made by Transco***

Transco has spelled out in detail the steps it is taking to remedy the problems in its connections operations. It has sought to argue that an order should not be made because

- (i) the test of whether to make an order has to be applied now, at the end of the period for representations and objections;
- (ii) at this time Transco has agreed to take and is taking all the steps set out in the proposed order.

Transco's response also includes "Business Rules" setting out the details of how it will operate the compensation schemes it is required to establish. The scheme is to be discussed in detail with Transco with the aim of ensuring that procedures are as simple as possible.

#### **4. EVENTS SINCE THE PUBLICATION OF THE CONSULTATION PAPER**

Further complaints about delays in quotations and inaccurate quotations have been received from several PGTs and a complaint about the accuracy of a quotation has been received from EGS. Transco has submitted statistics with its response which suggest that while there may be some improvement in the levels of service provided by Transco there remain delays in meeting some of its published standards of service. In addition concern has been expressed by some PGTs that the standards of service in particular LDZs remain significantly below the national average of Transco's LDZ organisation.

#### **5. OFGAS' CONCLUSIONS**

##### **5.1 Why Ofgas has decided to make an Order**

The responses to the consultation confirm the findings of the investigation that there have been unacceptable delays in Transco's quotations for connections, that there has been overcharging and that Transco's behaviour is anti-competitive in effect. The breaches of standard conditions (9)(2)(a) and 11(i) of Transco's licence which were identified in the analysis attached to the notice

proposing the making of an order are not contested by Transco. There is a likelihood of continuing breaches if action is not taken. The proposed order should have the effect of securing compliance with those conditions. That Transco failed to take firm action until the investigation commenced enables the conclusion to be drawn that the proposed order is requisite for the purpose of securing compliance with the two conditions that may be breached by Transco. The making of an order will promote efficiency and economy on the part of Transco and will contribute to securing effective competition in connections.

Transco has sought to argue that in accordance with section 28(5)(aa) Ofgas can only make an order if it is satisfied that the steps already taken by Transco and being taken by Transco are unlikely to be sufficient to remedy the problems which led to the investigation. Because,

- (i) elements of the order do not come into effect for a period of time, so the Director cannot now be satisfied that all such steps as it appears to him for the time being to be appropriate to take are being taken,
- (ii) some of the information provided by Transco in the course of the investigation has proved to be untrue and the Director therefore is of the view that he is entitled not to be satisfied on the point simply on the basis of a written submission by Transco and that he should be satisfied only when the measures proposed are seen by him to be in place and working, and
- (iii) information received in response to the consultation suggests that the measures Transco has said are being put in place in fact are not being put in place precisely as described to Ofgas by Transco,

Ofgas believes that standard condition 28(5)(aa) does not, on the facts of this case, preclude the making of an order.

The contraventions of licence conditions that have been identified are not trivial and the Competition Act 1998 does not offer a more appropriate way of

proceeding because its provisions for dealing with the sort of behaviour exhibited by Transco are not yet in operation.

**Gas Act 1986**  
**Section 28(1)**  
**Order**

To: **BG plc** (Transco)  
having its registered office at 100, Thames Valley Park Drive, Reading,  
Berkshire RG6 1PT, the holder of a licence (the Licence) treated as granted  
under section 7 of the Gas Act 1986 (the Act).

Whereas the **Director General of Gas Supply** (the Director) is satisfied that  
Transco has contravened and is likely to contravene the following  
provisions of the Act and of the standard conditions of the Licence -

- (i) section 9(2)(a) of the Act, and
- (ii) paragraph (1) of standard condition 11 of the Licence.

**Now therefore the Director**, pursuant to his duties under sections 4(2)(a),  
4(2)(b), 4(2)(c)(ii), 28(1) and 28(5) of the Act, having given notice in accordance  
with section 29 of the Act, with the consent of Transco pursuant to section 29(3)  
of the Act and for the purpose of securing compliance with the above-mentioned  
provisions of the Act and of the Licence, **hereby orders Transco as follows.**

1. Except as the Director may otherwise consent in writing where Transco  
has used reasonable endeavours, by 31 December 1999, to have  
introduced, in each of its offices handling quotations for connection to its  
pipe-line system:
  - (a) systems for logging and dating with the date of receipt, each  
request for a quotation for a connection that it receives,
  - (b) systems for providing quotations for connections in response to  
requests for them within published time-scales (which shall not be  
longer than those published as at 1 October 1998, unless agreed  
by the Director) from the date of their receipt,
  - (c) systems for reporting to Ofgas on its performance in providing  
quotations for connections in accordance with such time-scales,
  - (d) systems for providing quotations for connections in accordance  
with the methodology it has published for them, and



- (e) a programme of initial and continuing training, to be completed by all staff involved in handling quotations for connections, covering at least the matters referred to in sub-paragraphs (a) to (d) of this paragraph, in respect of which certification in accordance with the standard known as ISO 9001 (or such other standard as may be approved in writing by the Director) has been achieved.
- 2. By 10 February 1999, to introduce a scheme for paying compensation to persons adversely affected by failure by Transco to respond to requests for quotations for connections within the time-scales referred to in paragraph 1(b) above. The scheme shall provide as a minimum for payments to be made in such amounts in such circumstances and on such terms as are provided in Attachment 1 to this Order; the scheme shall not apply to quotations for connections to premises above 7 bar gauge or with value in excess of £250,000.
- 3. By 31 March 1999, to introduce a scheme for paying compensation to persons adversely affected by a failure by Transco to provide quotations for connections in accordance with the statement submitted in accordance with standard condition 5 of the Licence, whether Transco shall have been directed to submit that statement or not. The scheme shall provide as a minimum for payments to be made in such amounts in such circumstances and on such terms as are provided in Attachment 2 to this Order.
- 4. Until certification in accordance with ISO 9001 has been obtained pursuant to paragraph 1 of this Order, to arrange for the quarterly audit, in accordance with generally accepted audit principles, at Transco's expense, by a firm of Chartered Accountants, of
  - (a) the reports to be provided pursuant to paragraph 1(c) of this Order, and
  - (b) the source documents on which those reports are basedand to provide a copy of the report of the person so appointed to the Director within 28 days of its receipt.
- 5. To arrange for the audit each quarter, in accordance with generally accepted audit principles, at Transco's expense, by a firm of Chartered Accountants, or by other suitably qualified persons approved in writing by the Director, of a sample, selected by the person so appointed, of not less than three of the quotations for connections given by each Transco LDZ in that quarter and to provide a copy of the report of the person so appointed to the Director within 28 days of its receipt.

**Authorised in that behalf by the  
Director General of Gas Supply**

19 February 1999

## Compensation Scheme for Late Responses To Requests for Quotations by Transco

### Part 1

#### Obligations of Transco

1. Except as the Director may agree otherwise in writing, Transco shall pay compensation to customers:
  - (i) for all quotations for connections requested in any calendar month delivered outside the standards of service set out in the Table below in respect of any work area set out in the Table where Transco fails in that month to meet the nationally required planned performance levels for those standards of service, and
  - (ii) for all quotations for connections delivered outside the standards of service set out in the Table below in respect of a work area (as set out in the Table below) requested in any calendar month by a customer of a specified type where Transco fails, in respect of that work area for that customer type in that month, to provide 80% of quotations within the standards of service set out in the Table

provided that Transco shall not be required to pay compensation to any customer in respect of any quotation for a connection under paragraph (ii) above if it is required to pay compensation to that customer under paragraph (i) above. The specified customer types for the purpose of paragraph (ii) are any gas shipper, any public gas transporter, any self lay installer and other customers; a customer may be treated in any month as being in only one specified customer type. Payments under paragraph (i) shall accrue in respect of quotations issued by Transco after 5.00pm on 10 February 1999 and payments under paragraph (ii) shall accrue in respect of quotations issued by Transco after 5.00pm on 28 February 1999.

2. Transco's performance against the performance levels set out in the table below will be measured from the date of receipt from the customer of the information specified in Part 2 below.
3. Where Transco has to pay compensation in respect of a quotation, the amount of compensation payable by Transco in respect of that quotation will be at the level set out in the column in the Table headed "Stage 1 Liability Payment" in respect of each failure to provide a quotation within the period set out in the column headed "Standard of Service" plus the amount shown in the column headed "Stage 2 Liability Payment" where Transco also fails to provide the quotation within the period set out in the column headed "Stage 2 Standard of Service".
4. Where, in any calendar month, Transco fails to meet the national planned performance level (PPL) for any work area set out in the table, the compensation payments due in that month in accordance with the Table shall be multiplied by the number found by the application of the following formula:

$$PM = 1, \text{ or, if greater, } \left( 1 + R \left( \frac{PPL - PLA}{PPL} \right) \right)$$

Where:

PM is the performance multiplier to be applied to the liability payments

R is the number 6,

PPL is the planned performance level of 90%, and

PLA is the aggregate performance level for all the standards of service in the Table achieved nationally in the month in question.

5. Standards of service shall be monitored by Transco for each work area listed in the Table for each customer each calendar month.
6. Liabilities will be calculated on the basis of the number of failures per customer for each calendar month, when the National PPL is not met for that month, for each work area listed in the Table.
7. Transco will calculate its performance against PPL for each calendar month within 28 days of the end of each calendar month.
8. Liabilities incurred will be paid by Transco to each customer within 28 days of the calculation by Transco of its performance against PPL for that month.
9. Payments by Transco may be reduced in accordance with the cap described in Attachment 2.

Work Area	Standard of Service	National PPL	Stage 1 Liability Payment	Stage 2 Standard of Service	Stage 2 Liability Payment
One Offs < 2,500 <i>Desktop</i> (CSOS1)	D + 3	90%	£30	D + 10	£40
One Offs < 2,500 <i>Visit</i> (CSOS2)	D + 8	90%	£30	D + 15	£40
Single Connections > 2,500 (CSOS 3, 5, 6, 7) (No Reinforcement)	D + 8	90%	£50	D + 15	£65
Single Connections > 2,500 (CSOS 3, 5, 6, 7) (Where reinforcement is required)	D + 12	90%	£50	D + 25	£65
New Housing (CSOS 4)	D + 15	90%	£50	D + 25	£65
Land Enquiry (CSOS 8, 9)	D + 5	90%	£30	D + 15	£40
Initial Enquiry (CSOS 10)	D + 5	90%	£30	D + 15	£40
These standards do not apply to quotations for connections above 7 bar gauge or with value in excess of £250,000					

## **Part 2**

### Information to be provided by Customer

#### **The minimum information required to provide a Land Enquiry**

The minimum information required to provide a Land Enquiry response is as follows:

- \* end user name and address;
- \* the type of connection required;
- \* Supply Hourly Quantity (SHQ) in kWh;
- \* site name;
- \* site address and postcode;
- \* location/Ordnance Survey Map reference (either a location or site address is acceptable for a green field site);
- \* the capacity in which the customer is acting (e.g. as a shipper, PGT, self lay company or end user's agent).

#### **The minimum information required to provide a Quotation**

The minimum information required to provide a quotation is as above, plus:

- \* Annual Quantity (AQ) or Connected System Annual Quantity (CSAQ);
- \* load factor;
- \* Daily Quantity (SOQ) (DM sites only);
- \* first gas date;
- \* plan showing position of service termination; in relation to existing geography if necessary, any site anomalies;
- \* any construction period constraints;
- \* any enhanced facilities required e.g. twin stream offtake facilities, metered bypass.

#### **Budget Indication**

A budget indication will be provided in the following circumstances:

- \* the quotation will take more than eight hours to prepare, or
- \* part of the costs rely on significant certainty that cannot be resolved during the period within which a response is required. (e.g. special crossing of a railway or river), or
- \* due to the likely costs of the work (or other particular facts), it is unlikely that a firm quotation will be required and customer agrees the budget indication is sufficient, or if, due to works unrelated to the quotation (e.g. general reinforcement), the lead time is greater than 12 months, or
- \* if the customer requests a budget indication.

### Compensation Scheme for Failure by Transco to Give Quotations for Connections in Accordance with its Published Methodology

1. The errors referred to in this Appendix are errors in relation to what is quoted to be charged by Transco to the customer, not errors in the costing of what Transco actually intends to construct. Transco has duties with regard to the development of an efficient and economical pipe-line system and in pursuance of those duties may decide to construct facilities of greater capacity than those required to meet the needs of the individual customer. The balance of the cost is borne by Transco.
2. Transco shall provide to customers seeking quotations for connections a statement of the key assumptions on which the quotation is based, including, as appropriate:
  - route
  - surface condition
  - method of pipe-laying
  - pipe diameters
  - pipe material specification
  - variable cost elements that cannot be accurately determined at the quotation stage, such as easement costs.
3. Subject to paragraphs 4, 5 and 7(ii) below and except as the Director may agree otherwise in writing, Transco shall make the payments set out in paragraph 6 below to customers seeking quotations for connections in good faith to whom Transco provides quotations that are excessive because they
  - (i) are not based on a reasonable engineering judgment, or
  - (ii) are not calculated in accordance with Transco's published methodology for charging for connections.
4. There shall be rebuttable presumptions
  - (i) that Transco has not used a reasonable engineering judgment where Transco's original quotation exceeds 120% of the amount which would have resulted from the application of its published methodology for connections to an alternative engineering judgment agreed between Transco and the customer or determined in accordance with paragraph 7(iii) below; and
  - (ii) that Transco has provided a quotation that is in accordance with Transco's published methodology for charging for connections where the quotation does not exceed 120% of the amount which would have been found by the proper application of Transco's

published methodology for charging for connections to the engineering judgment adopted for the quotation.

5. Errors arising from failure by the customer to provide the information set out in Part 2 of Appendix 1 above or to provide that information accurately shall be excluded from giving rise to a compensation payment.
6. The payments referred to in paragraph 3 shall be 20% of the value of the difference between the original and the revised quotation given by Transco following the application of the procedures described in paragraph 6 below, subject to a minimum of £50 and a maximum of £5,000 per quotation. The payments due under this paragraph shall accrue in respect of requests for quotations received by Transco after 5.00pm on 31 March 1999.
7. The following procedure shall apply to the submission of claims for compensation.
  - (i) Claims must be submitted in writing to the LDZ which issued the original quotation within 60 days of the date of issue of the quotation and, if it is accepted, within 10 days of the date of acceptance, with a statement of the reason why the quotation is thought to be excessive and an estimate of the excess.
  - (ii) If, before the expiry of five working days from the submission of the claim the quotation is adjusted by Transco so that the reason why it was thought to be excessive has been addressed to the reasonable satisfaction of the person who submitted the claim no compensation shall be payable by Transco.
  - (iii) If, at the expiry of five working days after the submission of the claim to that LDZ the claim has not been resolved it may be submitted to Transco's head office at, 31 Homer Road, Solihull, West Midlands, B91 3LT marked for the attention of the Commercial Manager.
  - (iv) If, within 28 days after being referred to Transco's head office the claim has not been resolved it may be referred by either party to an independent person acting as an expert and not as an arbitrator, who may be nominated, in default of agreement between the parties, by the Director on the application of either party, and whose costs shall be paid, in default of agreement between the parties, as he may direct.
8. Each claim shall be paid by Transco within 42 days of end of the calendar month of its final determination.
9. Payments by Transco in accordance with Attachment 1 and Attachment 2 to this Order shall be subject to a total aggregate cap of £4 million per calendar year. For this purpose:
  - (i) monthly payments paid will be monitored on a cumulative basis throughout each calendar year,

- (ii) if the amount of claims in any month would result in the cap described in the sub-paragraph (iii) of this paragraph being exceeded, those claims shall be reduced pro-rata so that in aggregate they equate to the level of the cap; and
- (iii) the cap shall be the said sum of £4 million less the aggregate of monthly payments paid in the calendar year up to and including the previous calendar month divided by the number of months remaining in the calendar year, including the current month.



## Appendix 2

### LIST OF PERSONS SUBMITTING REPRESENTATIONS OR OBJECTIONS

Person Making Representation	Date of Representation
AGAS Developments Limited (ADL)	8 February 1999
Association of Independent PGTs (AIPGT)	6 February 1999
Beacon Gas Limited	8 February 1999
BP Gas (BP)	5 February 1999
British Gas Connections Limited (BGCL)	19 January 1999
British Gas Trading Limited (BGT)	8 February 1999
Consumers' Association (CA)	12 January 1999
Eastern Pipelines Limited (EPL)	5 February 1999
ECO European Limited (ECO)	8 February 1999
Exoteric Gas Solutions (EGS)	8 February 1999 14 February 1999
Gas Consumers' Council (GCC)	8 February 1999
Gas Transportation Company Limited (GTC)	29 October 1998 (sic)
Jones, The Gas, Limited (JtG)	2 February 1999
North Wales Gas Limited (NWG)	12 January 1999
PowerGen UK plc (PGen)	8 February 1999
Scottish and Southern Energy Limited (SSE)	8 February 1999
Scottish Consumer Council (SCC)	12 January 1999
Shell Gas Direct Limited (Shell)	5 February 1999
Total Gas Marketing Limited (Total)	8 February 1999
Transco	8 February 1999
Unison	25 January 1999
United Gas Services Limited (UGS)	8 February 1999
Utility Auditing Limited (UAL)	14 January 1999

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**SUMMARY OF RESPONSES TO CONSULTATION PROPOSING THE MAKING  
OF AN ENFORCEMENT ORDER**

<b>Issue</b>	<b>Details</b>	<b>Company</b>	<b>Ofgas Comment</b>
<b>Investigation – findings and scope</b>	Findings are in accordance with their experience	BGCL, BP, PGen; Shell, SSE,	
	Agree that behaviour of Transco has conferred advantage on it	BGCL	
	Root causes not identified	BGCL	
	Transco statistics do not reflect their experience and exclude backlogs	BP	
	Should cover siteworks	Total UAL	
	Confirms view of consistent cross-subsidy	ECO, EGS	
	Fails to quantify overall level of overcharging	EGS	
	Does not look at discrimination over adoption of self-lay pipes	JtG	
	Justifies a fuller investigation of overcharging	ADL	
	Should be on an ongoing basis	EPL	
<b>Making an Order</b>	Justification appears to be comprehensive	BGCL	
	Supported	Total, UAL	
	A priority	GCC	
	Supported with reluctance	GTC, Shell	
	Needs to be balanced against the co-operation being received	BP	
	Not justified because of agreement to take all appropriate steps and action to take them	Transco	
	Goes beyond the powers conferred by section 28	PGen	
<b>Scope of Order</b>	Should include compensation for past discrimination	ADL, BGCL, EGS	
	In order for affected businesses to decide how to deal with past discrimination and over charging, clarification is required from Ofgas of how it will treat revenues already obtained by Transco	ADL	

	Should extend to post-quotation activities because of risk that Transco will divert resources from this area to meet deadlines imposed by the order	AIPGT, ADL, BGCL, BGT, BP, EPL, GTC, NWG, Shell, Total	
<b>Terms of Order – General comments</b>	Care needed not to make matters worse	ECO	
	Badly flawed	EGS	
	Should not be open ended in duration, but included in terms of contract	BGT	There is no contract for a quotation
	Should include quotations over £250,000 and 75,000 therms/Year	BGCL, JtG	
	The order needs to be flexible/should not be too rigid; Transco should carry the cost if it quotes too low	BP, BGT BGT	
	The order is too weak, with timescales which are too long – 30 June 1999 would be preferred.	BGT	
	The proposed incentives could encourage rushed proposals without time to consider all alternatives and find the best option	PGen	
<b>Terms of Order – ISO 9001</b>	Generally welcomed and supported	Beacon, BGCL, BGT, ECO, NWG, UGS	
	Should apply throughout the service chain, to making the final connection	ADL, BP, GCC, SSE, Total	
	Will play only a small part in delivering improved standards. Management must have the will and capability to correct situation	EGS	
	Not the correct way: could increase bureaucracy	PGen	
<b>Terms of Order – Compensation</b>	Generally supported	Beacon, BGCL, BGT, BP, NWG, UGS	
	Should be calculated on the basis of opportunity cost to persons adversely affected	ADL, EGS	

	Should include costs of aborted business, excessive costs and other costs	ADL	
	Should be at a level at which the minds of the Transco Board become focussed	ADL	
	Woefully inadequate, should be multiplied by 10, permit Transco to over-quote every connection without penalty	EGS	In principle this is true, but it ensures that there is an incentive to quick resolution of queries.
	Agree with the figures indicated but concerned at the lack of an escalator	ECO	There is an escalator
<b>Terms of Order – compensation cap</b>	Inappropriate	BGCL, ECO, EPL,	
	Abhorrent: Licence resolution should be considered	EGS	
	The cap and all arbitrary cut-off levels on compensation opposed	SSE	
<b>Terms of Order – claiming compensation</b>	There should be no link to PPL, but payment on request	SSE	
	The process needs to be simple, automatic and quick	BGT, NWG	
	Transco should be pro-active not reactive	BGT	
	Transco should not be able to recover the cost of compensation elsewhere	BGT	
	Compensation can be claimed only by those with specialist knowledge, so individual customers will be unable to claim or will have to carry the cost of making a claim	BP, BGCL, EGS EGS	
	The burden of proof should be on Transco to disprove claims	EPL	
	Transco is asking for too much information, some of which is unnecessary for some purposes (eg first gas date, load factor); Transco itself provides very little information	BGCL, BP, EGS, JtG BP	
	The time taken to pay compensation is too long	BGCL	

	Present standards of service should not be relaxed	ADL, BGT, GTC, Shell	
	Should be simpler and should follow the model in electricity	SSE	
	Should not introduce discrimination between shippers and self-lay companies	Total	
	R should be higher (9)	GTC	
<b>Terms of Order – Audit</b>	Necessary	AIPGT, Beacon, BGCL, NWG, UGS	
	Results should be published on LDZ basis	ECO	
<b>Source Pressures</b>	Issue needs to be examined with urgency	BGCL, BGT, EGS, GCC, JtG	
	Have safety implications	EGS	
<b>Unbundling</b>	Welcomed/supported	ADL, AIPGT, BGCL, BGT, ECO, EGS	
	Deadline must not be unattainable	UGS	
	Concern at Transco's ability to maintain service levels	BGCL, EGS	
	Should include diversion and reinforcement	EGS	
	Needs stimulation as supply competition was stimulated by release gas programme	ECO	
	Transco must not control the timetable	ECO	
	Costs and benefits should be assessed	SSE	
	Allowances granted by Transco should be available to all competitors	EGS	
<b>Other concerns about Transco</b>	The Connections Policy Manual roll out has been delayed	BP	
	The Connections Policy Manual needs to be explained to customers	BP	
	Assurances are required that resources are adequate	BGCL	
	Transco should not be the only person able to undertake an environmental analysis	SSE	

	Transco's economic test should be transparent	SSE	
	Pressure must be kept up on Transco in relation to large connections	SSE	
	Competition in one-off connections has not happened	EGS	
<b>Other issues</b>	NexA negotiations important	AIPGT, GTC	
	Quotations to have longer validity	JtG	
	Standard Charges preferred	BP	
	Access to iPGT networks to be addressed	GCC	
	Relatively little in-fill activity	GCC	
	Pace of change too rapid	Unison	
	An approved installers code is required	JtG	
	Ofgas should seek a voluntary undertaking from Transco to compensate for past overcharging	EGS	
	A formal direction under standard condition 5 is supported	SSE	
	Ofgas should spell out to Transco the consequences of continued failure to comply with its obligations	EGS	
<b>Comments about Ofgas</b>	The Director's interpretation of his powers as excluding a mechanism for require repayment of overcharges and compensation for losses prior to the making of an order should be spelled out and is a matter of public concern	EGS	
	Ofgas should explain the reasons for its delay in responding to complaints and comment on whether the time scales for investigation will be improved	EGS	