

Kyran Hanks  
Director, Gas Trading Arrangements  
Office of Gas and Electricity Markets  
9 Millbank  
London  
SW1P 3GE

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Our reference:

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## **NATIONAL GRID TRANSCO – POTENTIAL SALE OF NETWORK DISTRIBUTION BUSINESSES: CONSULTATION DOCUMENT – JULY 2003**

This letter is the response of the Health and Safety Executive (HSE) to your consultation about proposals for the sale of Network Distribution Businesses. It virtually mirrors the advice that we gave to assist you in drafting the consultation document.

HSE has identified the following areas where there are safety-related issues to be addressed:

- Security of supply – this is also an issue for both DTI and Ofgem;
- Emergency service provision – Transco is currently the sole provider, but it is not intended that it will continue to provide this service for any independent distribution networks. HSE will need to address the safety implications of changes to call handling, emergency response and how supply emergencies are handled;
- Mains replacement – in particular the accelerated programme for the replacement of iron mains that HSE agreed with the unified Transco in 2001;
- Management of the increased number of interfaces. It will be necessary to ensure that the arrangements for transfer of information across the various interfaces between distribution networks and the NTS are robust to enable safety related systems to remain effective.
- Culture changes in the independent distribution networks, which will to some extent depend on the identity and background of any buyers of the distribution networks.

HSE's starting position is that any future arrangements should be at least as safe as the current arrangements, in line with the Fundamental Principles set out in the

Health and Safety Commission's 1995 report on the safety implications of gas market liberalisation, 'Britain's Gas Supply: A Safety Framework'.

In view of the potential risks and the work needed by all parties – including the industry and the regulatory authorities – to address them, HSE considers that the project cannot be pushed through in haste and that the timetable for any changes must allow for a full consideration of all the regulatory issues arising. A view, which we believe, Ofgem shares.

It is also worth noting that no changes can be put into effect until Transco and any independent operators have submitted safety cases to HSE and these have been accepted.

As always we look forward to working with Ofgem and the industry in taking this project forward.

**Barry Watkinson**  
**Head, Gas Safety Policy**

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