

NGT - Agency proposals

Agent Workgroup (20/01/04)

Presentation Objective

- Purpose and Rationale of Agency
- Operating Framework
- Scope of Services
- Route Map / Industry Programme
- Summary

Purpose of Agency

- To Support Potential Network Sale
 - Provision of transactional services to meet current GT obligations under Licence, Network Code, Gas Act and Utilities Act
 - Supply Point Register and administration
 - Calculation of transportation volumes
 - Energy balancing services
 - Information services
- Provision of transportation Billing services to secure transmission and distribution transportation revenues

Agency Proposals

- To work with the Industry to Deliver SPA reform
 - Transparency of Service Provision
 - Stakeholder Alignment
 - Cost Allocation / ABC Methodology
 - SPAA Governance

Rationale to support the creation of Agency

- A single Agency structure would provide the following benefits to the industry and Networks:
 - preserve the continuity of central SPA services through a single point of contact for shippers ;
 - avoid duplication of interfaces, data storage, and processing;
 - minimise changes to shippers' systems and processes;
 - deliver consistent processes across all DNs, optimising efficiency for the industry;
 - maintain uniformity of service, avoiding preference discriminations across DNs and facilitating the customer switching process;

Rational to support the creation of Agency

Meet Ofgem objectives:-

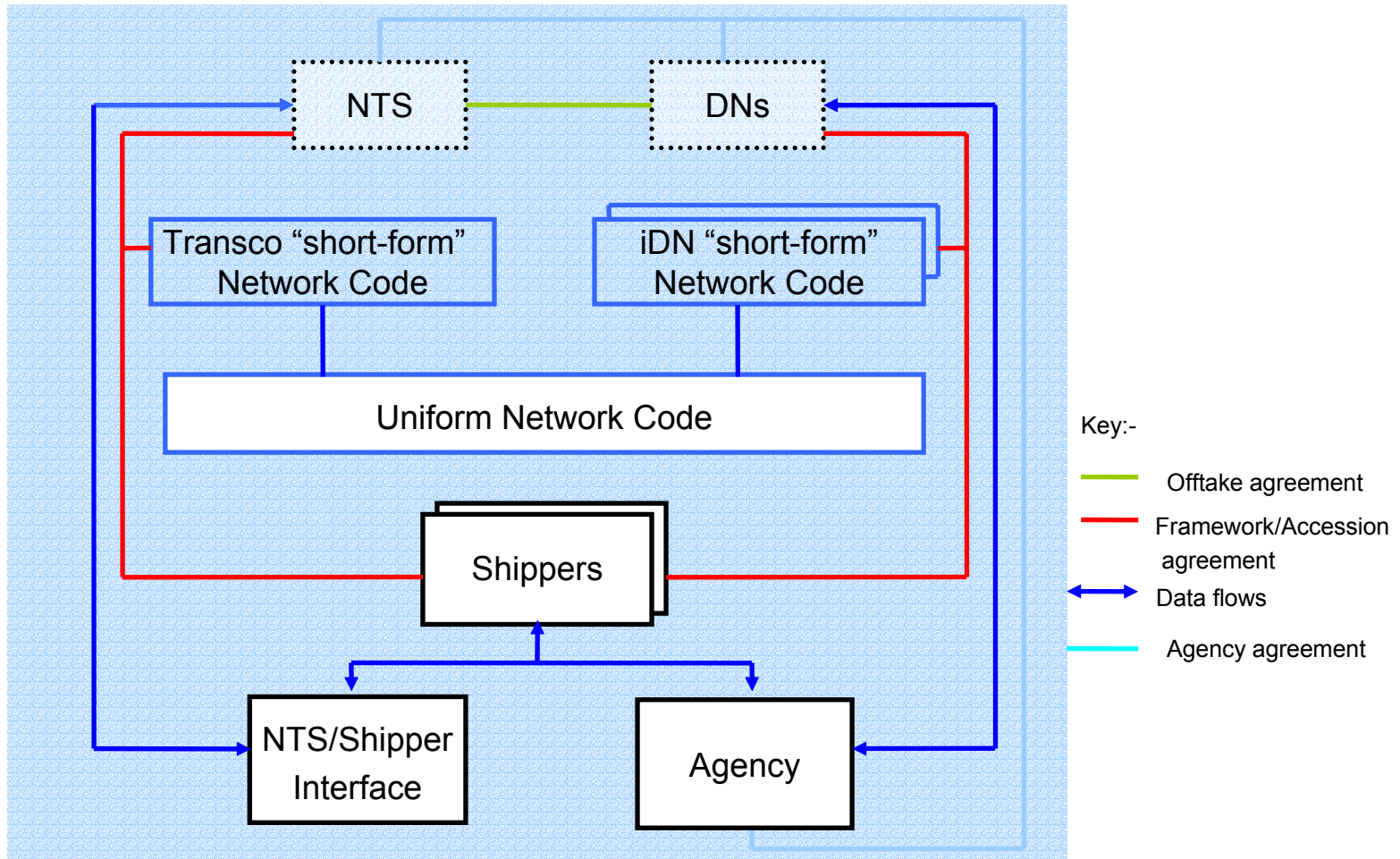
- Support the development of incentives for industry players to improve SPA processes
 - Future role of the GT
 - Support the development of Supplier hub services
 - Role of the Agency as the Industry Service Provider
- Minimise disruption to Gas Supply markets
 - Avoid fragmentation

Proposed gas transportation industry operating framework

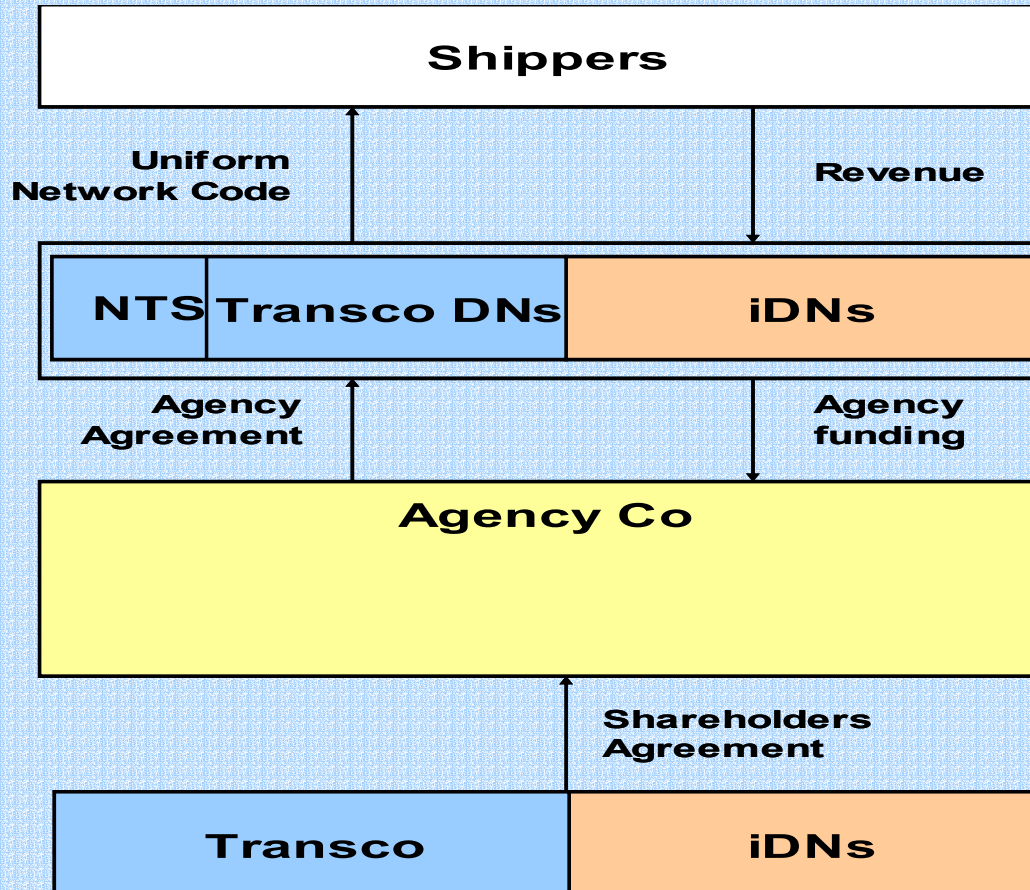
The proposed changes have three key elements:-

- adoption of a multi transporter Uniform Network Code;
- implementation of an Offtake Agreement between NTS and the DNs;
- provision of an industry-wide Agency Service.

Proposed gas transportation industry operating framework



Overview of Operating Model



Agency Scope & Service Descriptions

- Provision of Services in relation to
 - Obligations under Network Code
 - Obligations under Transportation Licence
 - Offtake Code

Provision of Services in relation to obligations under Network Code.

Provide and maintain a Supply Point Register

Manage Supply Point Registration

- The maintenance, on behalf of a Network Operator, of a Supply Point Register containing information in relation to all Supply Points, Supply Meter Points and Supply Point Premises connected to a Network Operator's pipe-line system.
- The updating thereof, following the receipt of relevant information from Users, for the purposes of facilitating the transfer of Supply Points between Users.

Provision of Services in relation to obligations under Network Code.

Provide and maintain a Supply Point Register

Provide Query Management Services

- Provide a query management service in relation to User queries in accordance with the Query Management Operational Guidelines and in relation to other queries where agreed between a User and a Network Operator.

Record/Submit Data in Compliance with Network Code

- The receipt, acknowledgement, logging and processing of all data provided by a User where such data must be recorded in a Supply Point Register.

Provision of Services in relation to obligations under Network Code.

Recording & Calculating Transportation Volumes

Meter Volume & Quantity

- In relation to Non-Daily Read Supply Meters and Daily Read Supply Meters the validation of Meter Readings, the calculation of the Metered Volume and Metered Quantity following receipt of a Valid Meter Reading and the submission of Valid Meter Readings for Performance Relevant Supply Meters to Users.

AQ & SOQ Reviews

- In respect of each Supply Meter Point the determination and notification prior to the start of a Gas Year of the Annual Quantity for the Gas Year. Further, responding to User queries and appeals regarding the Annual Quantity, responding to Capacity Revision Applications from Users and responding to applications from Users for a new or revised Supply Point Capacity or Supply Point Offtake Rate.

Provision of Services in relation to obligations under Network Code.

Provision of Transportation Invoices

The calculation and submission to Users of complete and accurate Invoice documents and supporting data in respect of each Billing Period in accordance with the timetable notified to Users for submission of Invoice Documents.

- NTS Capacity
- LDZ Capacity
- Commodity
- Reconciliation
- Adhoc & Adjustments

Provision of Services in relation to obligations under Network Code.

Provision of Transportation Invoices

Energy Balancing

- Implementation of the provisions of the Supplement to a Network Operator's Network Code (including implementation of the Network Operator's Energy Balancing Credit Rules) with, where appropriate, the approval of the relevant Energy Balancing Credit Committee, including maintaining a record of a User's Secured Credit Limit, the calculation of a User's Outstanding Relevant Balancing Indebtedness, the submission of Cash Calls and the taking of enforcement and recovery steps in the event of the non payment of Energy Balancing Charges by a User.

Provision of Services in relation to obligations under Network Code.

Other

User Admission And Termination

- The issue of relevant notices to Users and certain third parties following the admission of an Applicant User to a Network Operator's Network Code and the termination of a Discontinuing User and a Defaulting User from the Network Operator's Network Code.

Connected System Exit Points

- Validation of [relevant data] submitted to a Network Operator by a Connected System Operator in relation to a Connected System Exit Point.

NExA Supply Meter Points

- Notification of existence of NExA and notification of the requirement to discontinue the offtake of gas or to reduce the rate at which gas is offtaken at a NExA Supply Meter Point.

Provision of Services in relation to obligations under Network Code.

Other

Must Reads

- Notification of failure of a User to obtain and provide Valid Meter Readings for Non Daily Read Meters.

Generation Of Meter Point Reference Number

- Generation of a Meter Point Reference Number for a New Supply Meter Point.

Provision of services in relation to obligation under Transportation Licence.

Provision of Supply Point Information Services and other services required to be provided under the terms of a Network Operator's GT Licence (to the extent the services are provided pursuant to the terms of the Network Operator's Network Code).

Access to Data

Maintain Supply Point Information Service to specified persons

- Provision and publicising of a Supply Point Information Service.

M Number Bureau to Shippers/consumers

- Provision of relevant data to domestic customers or persons acting on their behalf (but not gas shippers or their agents)
- Provision relevant data to gas shippers or their agents or non-domestic customers of a gas supplier or persons acting on their behalf

Provision of services in relation to obligation under Transportation Licence.

RFI Bureau

- Provision of relevant data to any customer of a gas supplier in relation to premises occupied, or to be occupied, by the customer

Meter Inspection

- Notification to Users where no meter inspection has occurred for 2 years.

C&D Notice (from non Users)

- Receipt and notification of proposed connection or disconnection of meter to a service pipe.

Provision of services in relation to obligation under Transportation Licence.

Theft of gas

- Processing of information in relation to gas illegally taken, and where appropriate the adjustment of relevant transportation invoices and the submission of credit invoices to Shippers under the “reasonable endeavours” scheme.

Provision of information to Ofgem

- Provision of standard of Service and Supply Point information to the Authority required under Condition 24

Provision of services in relation to obligation under Transportation Licence.

Other Network Services

Provision of Information to Support Customer complaint resolution

- Provision of information relevant to the Service Providers' services to enable the resolution of Network Operator customer complaints.

Provision of reports submitted to Users

- The provision of general operational reports to Users (Shippers) as agreed with Network Operator.

Provision of accounts receivable information

- Following submission of invoices produced by the service provider on behalf of the Network Operator, the provision of accounts receivable information to the Network Operator.

Provision of services in relation to obligation under Transportation Licence.

Other Network Services

Calculation & Notification of liability payments

- Calculate all Standards of Service payments payable to a User by the Network Operator in accordance with the relevant provisions of the Network Code

The Service Provider represented at Industry meetings covering implications of change to system and business processes

- Attend industry meetings for the purposes of advising and agreeing change to systems and business services operated by the Service Provider.

Regulatory Consultation analysis

- Provide business and industry analysis services in relation to the OFGEM consultation and/or proposed code modification.

Provision of services in relation to obligation under Transportation Licence.

Other Network Services

User Relationship Management

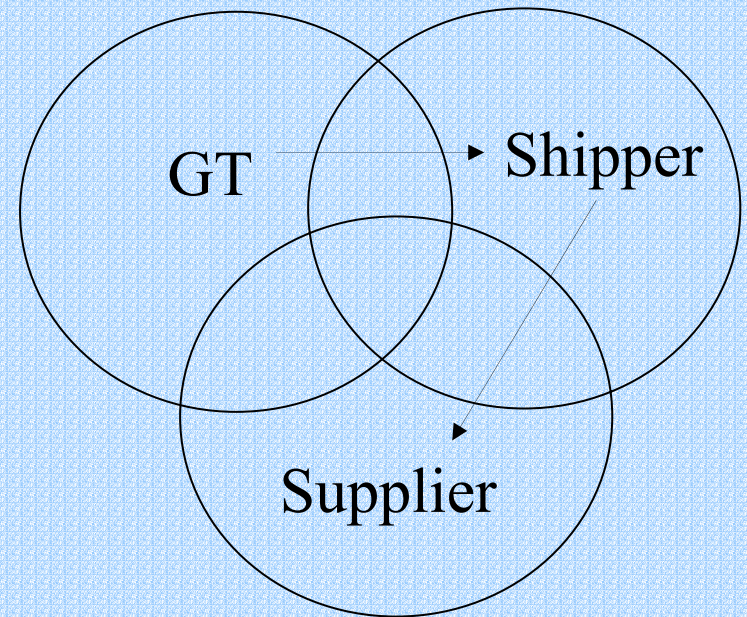
- Relationship management services (contract management).

UK Link Services

- The provision of IS services, services in relation to UK Link (UK Link Committee, UK Link Manual maintenance and Shipper Interface Document Maintenance) and certain other notification services.

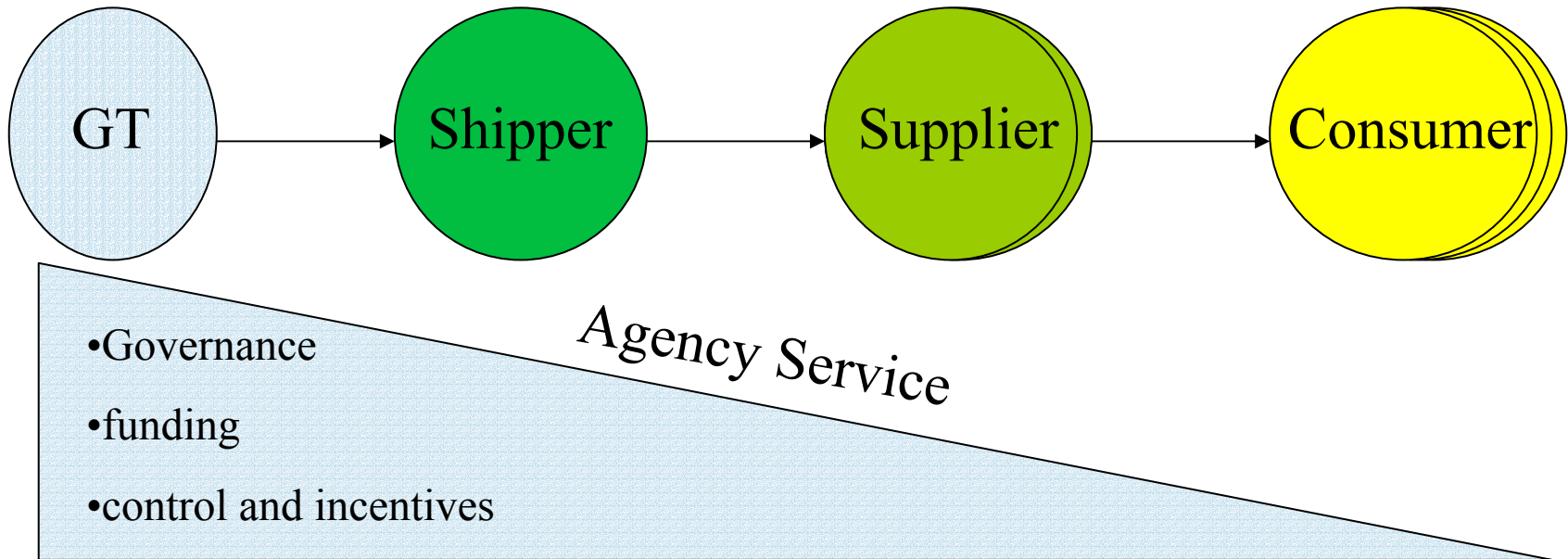
SPA Delivery

- Delivery is integrated into the GT processes and systems.
- Governance framework reflects Network Code contract.
- Retail flexibility is constrained by coupling with Wholesale activity
- Stakeholders may be frustrated by a 'one service fits all' delivery concept



Current SPA Delivery Chain

(e.g.Site Switching)



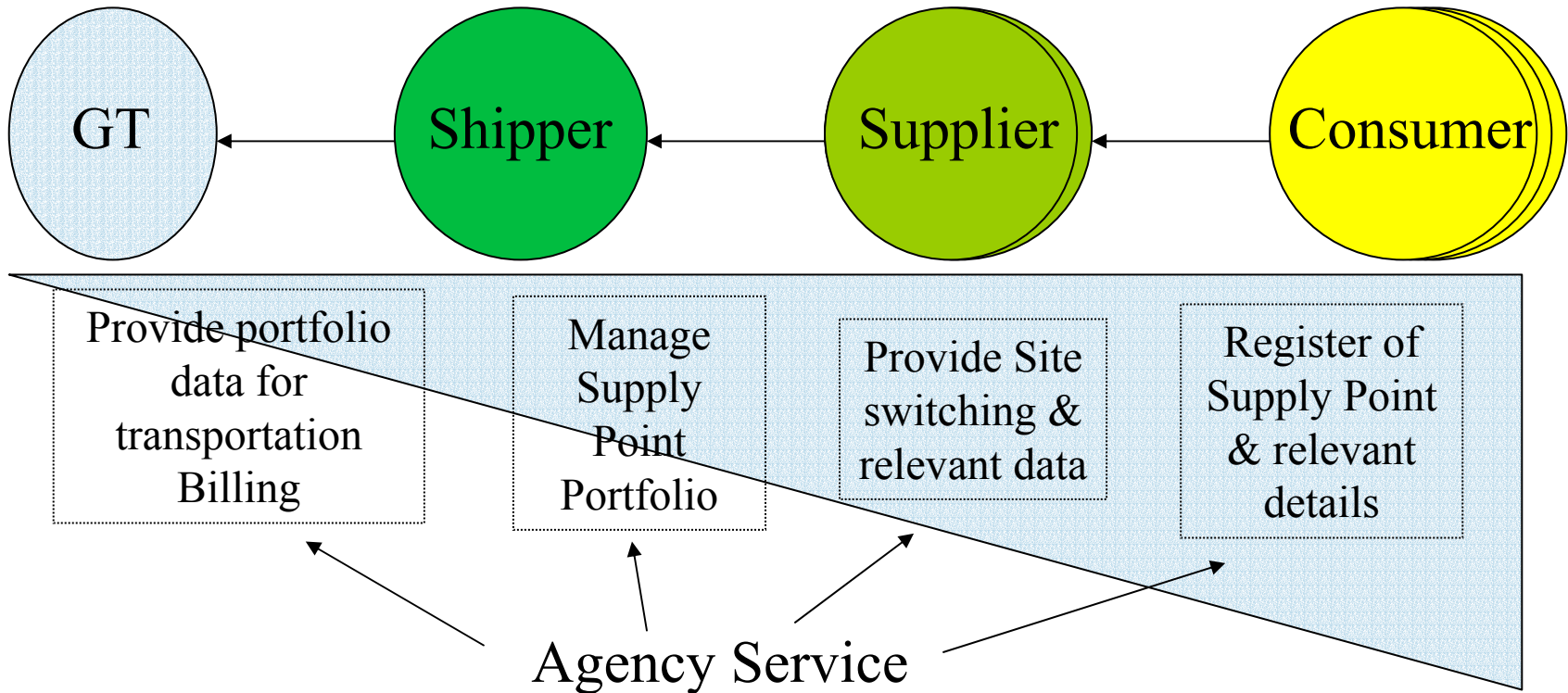
Retail processes viewed as primarily serving the Consumer are governed and controlled within the Wholesale framework Under GT Network Code and Licence Conditions.

Delivering effective 'SPA'

- Understand the scope and definition of SPA
- Clarity over the Stakeholder roles and responsibilities
- Develop mechanism(s) to assess the service components.
- Envision the ownership, Governance, funding and incentives which will best serve Stakeholders.





SPA “future” Delivery

(e.g.Site Switching)



Components of SPA are delivered on a user centric basis
with appropriate Governance, charging and incentives

Potential evolution of SPA within the context of Agency

	2004	2005	2006	2007	2008
Key events	 > April 2004 Ofgem decision on DN sales  > Industry agreed route map	 Nov 2004 Completion of DN sales		 April 2007 Commencement of new gas transportation price control	
Billing obligation	Transco	Uniform Network Code gas transporters (UNC GTs)			
SPA obligation		UNC GTs		Suppliers?	
Ownership		Agency jointly owned by all UNC GTs		Formal supplier involvement in Agency?	
Funding		UNC GT price controls		SPA funded by Suppliers?	
Charging		UNC GT transportation arrangements		SPA-related charges borne by Suppliers?	
SPA governance		UNC		SPAA	

Summary

- NGT to Create Agency
- Minimise change for Day 1 in support of potential Network Sale
- Establish SPA route map with the Industry
 - Align Responsibilities and Service delivery
 - Position the defined SPA activities with SPAA
 - Considers Stakeholder interest in Agency