

Agency and Governance - Authority decision

Development & Implementation Steering Group 8 June 2004



Overview of presentation

- Summary of RIA
- Respondents' views
- Ofgem's view
- Way forward



Summary of costs and benefits of each option

		Option A	Option B1	Option B2	Option C	Option D	Option E	Option F
	No Agent	NGT's initial proposal	Introducing governance entity	B1 plus credit arrangemen ts with Agent	AT-link plus RGTA	Splitting systems with responsibilit ies	RGTA with NTS & AT link with Agent	Broadest Agent
Accountability								
 Credit and cash collection 	$\checkmark\checkmark$	√ √	$\checkmark\checkmark$	xx	√ √	√ √	√ √	××
 Settlement and ops systems 	$\checkmark\checkmark\checkmark$	√ √	$\checkmark\checkmark$	$\checkmark\checkmark$	×	///	\checkmark	×
◆ Connections	\checkmark	✓	\checkmark	\checkmark	✓	✓	✓	×
Cost mitigation								
 Credit and cash collection 	×	×	×	\checkmark	×	×	×	\checkmark
 Settlement and ops systems 	xxx	×	×	×	√ √	xxx	\checkmark	$\checkmark\checkmark$
◆ SPA systems	xxxx	$\checkmark\checkmark\checkmark$	$\checkmark\checkmark\checkmark$	$\checkmark\checkmark\checkmark$	$\checkmark\checkmark\checkmark$	////	$\checkmark\checkmark\checkmark$	$\checkmark\checkmark\checkmark$
 DCM governance arrangements 	×	×	\checkmark	\checkmark	\checkmark	\checkmark	✓	\checkmark
Non – discrimination in modifications process	*	×	✓	✓	✓	✓	✓	✓
Competition								
♦ Wholesale & retail	xxx	√	\checkmark	\checkmark	√	✓	✓	\checkmark
◆ Metering	\checkmark	✓	\checkmark	\checkmark	√	✓	✓	×
◆ Connections	\checkmark	✓	\checkmark	\checkmark	✓	✓	✓	×
Quality of service	√√√	√ √	√ √	√ √	√ √	√ √	//	√



Respondents' views

- No clear preference on options
 - Significant number of respondents preferred Option F
 - Most other respondents preferred Options B or E
- Majority support for the creation of a governance entity
- Several respondents want credit & cash collection in agency
- Transco identified problems with splitting Gemini under Option E



Authority's decision

- Governance entity should be established
- AT-Link and RGTA assigned to agency
- Each network operator to be accountable for their own credit arrangements and cash collection
- Demand estimation assigned to agency
- Connections and metering assigned to network operators



Option C: RGTA and AT-link systems

NGT

Emergency 0800 number

NTS Demand derivation

Network code development

Transmission charging development

Tran. charges credit and cash collection

Transco operational systems

Governance entity

Network code administration

Trans and distribution charging administration

Agency

Supply point administration

Record and calculate transportation volumes

Transportation invoices

Other network code obligations

Gas balancing credit and cash collection

Transportation licence obligations

Demand estimation

NTS capacity RGTA systems

Gas noms, ops and settlement
AT link systems

DN

Emergency

Network code development

Distribution charging development

DN demand derivation

Site works

Connections

Metering

Dist. charges credit and cash collection



Way forward

- Considerable work remains to be undertaken
 - governance of network code, charging methodologies
 - ownership, funding and governance of agency
- Authority's decision conditional upon development of satisfactory solutions
 - DISG to progress high level governance issues
 - Agency Workgroup to progress SPA issues





Promoting choice and value for all gas and electricity customers