

From Simon Goldring at Centrica

Further to the last DISG where Transco and Powergen tabled papers on this topic I thought it would be worth recording my views on this subject.

BGT supports the maintenance of a single NWC with a single set of Modification Rules and a single party responsible for its discharge. There has been much debate around the creation of an "independent" body to provide the governance and support to the process to ensure that there is no bias in the way that the Modification process is operated and in the production of reports to Ofgem etc. Whilst BGT has some sympathy with this view we believe that there are alternative ways in which the desired results can be achieved without the complexity of creating a new entity with the additional burden of costs and processes necessary to achieve a balance between all the GTs and Users.

BGT believe that it is useful to consider a number of areas:

a) Expertise - the entity responsible for managing the process has to have sufficient expertise not only of the process but of the technical areas that the Code covers to be able to assess proposals and manage meetings, report writing etc.

b) Expertise (2) - if the process entity has the responsibility to discharge the obligations in respect of the Code maintenance and development it will need to have the technical skills necessary to develop it available from all the GTs either on a secondment or other basis.

c) Chairmanship of Panel/Groups - we believe that the entity should Chair meetings but have no vote as it purely carrying out a secretarial function in this respect.

d) GTs views - as there will be more than one GT view in future (notwithstanding they may be the same) it is appropriate for GTs to have to respond to Draft Modification Reports as do other interested parties. These responses would then be part of the Final Report given equal weighting with all others.

e) Recommendation - We recognise that the recommendation has been given a higher profile following the recent debate on appeals of Ofgem/Authority decisions. However, we are not persuaded that the Panel is necessarily the right place for Recommendations to originate and would give more support to a process whereby Workgroups make recommendations (based upon consensus of involved industry views) that are checked and endorsed by the Panel thereby maintaining the Panel's primary role of managing the process.

f) Costs - with the complexity of some of the proposals on the table it is likely that overall the costs of the Modification Process will rise. It is essential that Ofgem do not allow any "leakage" of these costs of DN separation to be passed to Users now or in the future. It is also possible to consider that the current arrangements whereby Transco fulfil the role could be maintained going forward, acting on behalf of all GTs who would have their price controls adjusted accordingly, and with a small amendment to the constitution of the Panel to allow for their inclusion as voting parties.

We believe that this option (along with others that may be proposed) should be given due consideration before we start incurring costs in creating an Elexon "type" of entity