

Paper from Tory Hunter - SSE

All

As mentioned before, I'm sorry that I can't make tomorrow's meeting, however, I've made a few (brief) comments on the papers that have been circulated and would ask that you feed them into the discussion tomorrow and take them into consideration accordingly.

1. Options for governance of Agency

The paper by Transco succinctly summarises the options and issues. In our view, the key concerns relate to ongoing charging, ongoing performance and the detailed implementation of NWC changes. We believe that these can be addressed by continued regulation of the services provided by NGT (in the form of the Agency). Specifically, we believe that charges should be regulated and that NGT should have a licence condition to set up and maintain an Agency to carry out the specified functions. This would recognise Transco's dominance of the Agency, but without, in Transco's words, "creating misalignment between responsibility and exposure to risk and non-delivery". The alternative of Transco domination of the Agency and no formal regulation would create significant potential risks for DNs both in terms of non-delivery and discrimination. In addition, to further protect shippers and IDNs from Transco's dominance of the agency and change control, we believe that robust governance of the retail provisions of the NWC through transfer to the new SPAA should be a "gateway" issue.

2. Agency arrangements and ungoverned services

We agree with the recommendation that the SPAWG should continue to look into these services. In our view, if there is any doubt that a service would be "ungoverned", it should be codified within the NWC.

3. Constitution of UNC GT Joint Office

To minimise costs we would support a very narrow Joint Office which has a limited responsibility for carrying out the secretariat function. The Joint Office would then procure reports on the implications of modifications from the NTS, DNs, and/or the agency. Whether DNs decide to co-ordinate this work would be a matter for the companies to decide post a sale.

In terms of the panel, we believe that the simplest approach would be for no-one individual to have a casting vote. In the circumstances of a deadlock the Panel would simply note the competing views in its report for Ofgem.

Unfortunately, I've not managed to get to Transco's paper on emergencies and site isolation but will feed in comments when I can.