

DN SALES ISSUES LOG - COMMERCIAL INTERFACE WORKGROUP

Date: 26 July 2004

Version: 2.0

No	Question	Priority	Group	Latest action	Action owner	Due date	Ofgem's current view	Key risks
11	How should independent gas transporters (IGTs) be accommodated within the reforms?	M	All groups	IGT issues to be considered in Ofgem informal licence consultation document. Transco to report on emergency services issues at DISG 16.	NGT	30804	IGTs have raised issues associated with emergencies, connections, supply point administration & transportation charging.	0
14	What provisions should be in the offtake agreement?	H	CIWG	Ofgem decision on Offtake Arrangements RIA and interruptions RIA due w/c 9 August.	Ofgem	90804	0	0
14A	What are the implications of NGT's SOMSA proposal?	H	DISG CIWG	CIWG's position on SOMSAs agreed at DISG 14.	0	0	0	0
15	What arrangements should be in place for managing interruption across the NTS and DN networks?	H	CIWG	Ofgem decision on this issue is set out in the R&R RIA	0	0	Both NTS and DNs contract for interruption and call interruptions on their own networks.	0
16	Is it necessary to distinguish between energy balancing and network interruptions and if so how?	M	CIWG	R&R decision document indicates that it is important to distinguish between energy balancing and network interruptions. Issue considered in the context of the Cash Out review.	0	0	0	0
17	What contractual framework should apply? Should Transco as NTS SO be able to contract directly for interruptions with DNs or with DN supply points?	H	CIWG	Issue is being considered in the context of the development of NTS exit capacity arrangements.	0	0	0	0
18	Does the Gas Act permit Transco to contract directly with customers for interruptions?	H	CIWG	Issue is being considered in the context of the development of exit capacity & interruptions arrangements.	0	0	0	Is there a risk that contracts between NGT and customers could be challenged?
19	What arrangements should be in place for the pricing of exit capacity and interruptions?	M	CIWG	Ofgem decision on offtake arrangements RIA and interruptions RIA due w/c 9 August.	Ofgem	90804	0	0

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20	How should local market power constraints be addressed in the new exit arrangements?	L	CIWG	Ofgem decision on offtake arrangements RIA and interruptions RIA due w/c 9 August.	Ofgem	90804	Interruptions RIA notes that Ofgem has powers under the Competition Act to deal with abuse of market power. Long term interruptible contracts reduce risk of abuse of market power and give customers certainty regarding their interruptible status.	0
21	What effect will a sale have on pre-existing connections contracts? (NExAs, ARCAAs, NTS network entry capacity agreements, interconnector agreements, storage connection agreements.)	M	CIWG DISG	Issue to be considered at DISG 16.	0	170804	0	0
22	What arrangements are required in order to retain 'whole' gas balancing of the system?	M	CIWG	Ofgem decision on Roles and Responsibilities RIA resolves this issue.	0	0	Transco should retain responsibility for residual gas balancing thereby retaining NBP arrangements. Each network operator operates their own network.	0
23	Will DNs need to take on a commercial energy balancing role?	M	CIWG	Ofgem decision on Roles and Responsibilities RIA resolves this issue.	0	0	Single SO gas balancing model should be retained.	0
24	Should a linepack service for shippers be established? If so, what pricing methodology should apply?	L	CIWG	Decision document on offtake arrangements RIA due w/c 090804.	Ofgem	90804	Next steps document indicated that this was not necessary at present. However, further development could be undertaken in the future if appropriate.	0

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25	What charging arrangements, if any, should apply to transfers of gas and linepack between DNs and the NTS?	H	CIWG	Decision document on offtake arrangements RIA due w/c 090804.	Ofgem	90804	0	Risk that an absence of charging methodologies could lead to inefficient investment and operational decisions as well as discrimination between DNs.
26	How will the NTS & DN co-ordinate investment and planning for diurnal storage?	H	CIWG	Decision document on offtake arrangements RIA due w/c 090804.	Ofgem	90804	0	0
28	Should shrinkage arrangements be fully unbundled at this stage?	H	CIWG	Action on NGT to provide paper on shrinkage to CIWG 14	NGT	110804	0	0
29	What is the appropriate cost recovery mechanism for shrinkage?	H	CIWG	Action on NGT to provide paper on shrinkage to CIWG 14	NGT	110804	0	0
30	What arrangements should be put in place to ensure that Gas Act and GSMR gas quality obligations are met?	H	CIWG RAWG	Ofgem considering issue of 10% compensation cap.	Ofgem	0	NGT should be responsible for quality of gas entering DNs. DNs should be obliged to comply with GSMR obligations with respect to gas in their networks.	0
31	Should current wet gas testing arrangements between Ofgem and NGT be formalised?	L	CIWG	Ofgem's technical directorate intends to undertake a review.	0	0	It may be necessary to formalise the arrangements for wet gas testing on the DNs.	Risk that procedures will not be upheld by new owner if not formalised.

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31A	Has Transco signed agreements with DN customers that include gas quality parameters tighter than the regulatory limits?	L	CIWG	NGT to report to CIWG 14.	NGT	110804	If Transco has signed such agreements, it is important that NTS is obliged to deliver	
34	Is NGT current procedure used to separate geographical NTS and LDZ boundaries appropriate in the context of a DN sale?	L	DISG	NGT to report to DISG. When?		0	0	Necessary to check that the geographical boundaries of the new DNs correspond to regulatory boundaries.
35	What allocation and metering arrangements need to be in place at the NTS/DN interface?	M	CIWG	NGT to present to CIWG 13 on mechanism to ensure that meters do not over-read.	NGT	280704	0	0
36	What mechanisms should be adopted to ensure that the NTS & DNs co-ordinate planning & investment?	H	CIWG	Decision document on offtake arrangements RIA due w/c 090804.	Ofgem	90804	0	Simply giving both DNs and NTS a 1 in 20 obligation could reduce accountability.
37	What is the impact of a DN sale on the NTS SO incentives and how should DN incentives be developed and in what form?	M	Ofgem CIWG	Issue will be considered in the context of the development of exit capacity & interruptions arrangements.		0	0	A DN sale is likely to give rise to a need for changes to Transco's exit capacity investment incentive. Incentives on exit may also need to be set for DNs. Consideration of appropriate incentives (on the NTS and DNs) with respect to linepack and diurnal storage also necessary.