

British Gas Connections Ltd. – Gas Escape Profile

The ability thus far for the GB wide gas industry to properly manage emergencies and loss of gas occurrences is arguably unequalled across the world. This is built on the provision of an efficient and consistent end to end emergency service currently provided by NGT. The continuation of a consistent and efficient emergency service is of critical importance to the well being of consumers, industry participants and the future of natural gas as a viable energy source. In our view the emergency call, dispatch and repair service should not be separated as a consequence of DN sales, as is currently proposed by Transco and future network owners.

IGTs in total currently transport gas to less than five hundred thousand properties across all DNs. The supply points are widely dispersed geographically and the individual networks can range from a few premises connected to several thousand premises connected. The total number of premises connected to IGT networks is forecast to double over the next 5 years. A key foundation of this market growth has been that consumers whose properties are connected to IGT networks are provided with an emergency and repair service which is equal to those services provided to consumers on NGT's networks. This is only possible because IGTs and NGT under the auspices of Ofgem have put in place contracts that provide for emergency call handling engineer dispatch and network repair services. It is assumed that these contracts will pass unchanged to the new network owners at sale, however there are no measures in place presently to ensure future availability of this repair service at reasonable cost to IGTs from the new DN owners or from NGT post sales.

There is no evidence to support the view that provision of emergency repairs to IGT networks are contestable or economically viable for any individual IGT to undertake, or on a joint basis across all IGTs, therefore it is not surprising that all IGTs contract their emergency services with NGT. Indeed given the wide dispersal, randomness and timing of emergency occurrences NGT's own emergency service could not be provided efficiently or to acceptable customer service levels other than on the basis that the workforce undertaking emergency duties have the ability to fill in with other non emergency works in the locality when not attending emergency calls. We therefore believe that it is critical to the continuing operation of IGTs and the consumers connected to their networks that an effective emergency repair service with the benefit of scale remains in place at reasonable cost into the future under the new DN ownership arrangements.

Attached are the detailed statistics of BGCL's emergency calls focusing on two specific weeks [w/c 26th Jan and 1st June 2004].

The statistics show the total number of calls received by BGCL; type of workforce required to attend to the reported gas escape and the number of LDZ's affected each day.

It maybe useful to compare Transco's and BGCL's annual reported gas escapes and network maintenance statistics:

- a) 1.35m gas escapes are reported to Transco per year. Of these, 259,000 are outside gas escapes. In contrast, 1,850 gas escapes are reported to BGCL per year. Of these, just 491 are outside gas escapes
- b) Transco operates 276,500km of pipelines whereas BGCL operates 708km of pipelines
- c) Transco have a commitment to replace 51,000km main over the next 30 yrs. Due to the age of BGCL's networks BGCL have no mains replacement planned.

In order to meet the demands of its replacement mains programme Transco have a dedicated workforce for the maintenance of their system; this includes the repair and replacement of their mains. To support this, Transco's workforce is strategically located to provide full national coverage with the capability of responding to all reported gas escapes within the required timescales. It should be understood that BGCL's networks are 'scattered' across the whole of the UK and are not strategically located to satisfy the provision of a emergency repair service.