

Definition of How Option C for Agency Will Be Implemented (A paper by NGT)

1. Summary

This paper contains NGT's proposals for implementing Ofgem's RIA decisions in relation to the scope of agency. At or before hive down agency will:

- Procure and provide change control for the AT-Link services from hive down
- Following the introduction of the Exit and Energy Balancing modules in Gemini, agency will procure operations, maintenance and development for the Gemini systems and provide change control
- Procure the demand estimation service
- Take over the Shipper Set Up Process

2. Ofgem's RIA Decisions

In May 2004 Ofgem's decision document on the agency and governance RIA stated that all Gemini/AT-Link systems should be assigned to agency. This approach was advocated having regard to the time that would be required to separate the AT-Link/RGTA elements of Gemini and the preference expressed by Shippers that AT-Link and RGTA systems should be under the remit of agency to limit inefficient fragmentation in the future development of the systems.

Ofgem went on to state that agency should be responsible for the provision of demand estimation and that agency would determine the most efficient way to procure these services.

Ofgem also stated in the RIA decision document that it did not intend to re-open Transco's present price control.

3. Proposed Implementation

The table below shows how NGT propose to implement Ofgem's RIA decisions:

Activity	Description
Demand Estimation Process	The responsibility for providing a Demand Estimation service will transfer to agency from Transmission. The most efficient way to procure this service is, initially, for the data modelling activity of this process to be provided under contract by NGT.
Shipper Set Up Process	Transfer from Transmission to agency overall co-ordination of the shipper set up process
AT-Link	Will be procured by and subject to change control from agency. (AT-Link is the existing mechanism for a substantial proportion of the shipper/transporter data transfer and communication. It will be decommissioned following introduction of Gemini Exit and Balancing Modules)
Gemini Systems	Following commissioning of the Exit and Energy Balancing Modules operation, maintenance and development will be procured by agency, who will also provide change control. (Gemini is a system that is being introduced in modules. The Entry module currently in use is not a settlement system and can remain with NGT for the time being. Once the settlement related modules of Exit and Energy Balancing are introduced the whole Gemini system will be transferred to agency)

Assessment against relevant RIA decisions

The proposals implement Ofgem's RIA decisions in relation to Agency's role from here down.

Impact on Shippers

The proposals in this paper would not affect the efficient delivery of services made available to Shippers.

Risk Mitigation

The AT-Link system is at a stage in its life cycle where it is requiring an increasing level of support. To avoid disrupting support for AT-Link, agency will initially procure this service from NGT.

The Gemini Exit and Balancing Modules are currently under development by NGT and it is considered prudent to allow the project to complete in its present form. While NGT are completing these modules, they will continue to run the Gemini Entry Module; this is not an issue as it is of an operational nature rather than a settlement function. Once Gemini's Exit and Balancing modules have been commissioned, AT-Link will be de-commissioned and agency will take over the operation, maintenance, change-control and development responsibilities for Gemini. This is programmed to happen in the summer of 2005. Any development of Gemini beyond the currently defined scope will therefore be handled by agency.

Ownership of Gemini

Gemini has been developed by NGT under the present price control and will form part of Transmission's regulatory asset base. In order to avoid re-opening Transco's price control, it is proposed that ownership of Gemini remains with Transmission whilst transferring to agency responsibility for support, maintenance, change-control and future development.

The ownership of Gemini may be reviewed for the next price control period.