

Standard Special Condition ~~36-LDZA~~ 1: Distribution Network incentive scheme and performance reporting

**STANDARD SPECIAL CONDITION FOR DN LICENSEES: AMENDMENTS
PROPOSED TO REQUIRE DNS TO ENGAGE IN RESEARCH WITH
CONSUMERS REGARDING QUALITY OF SERVICE!**

1. The principal purpose of this Standard Special Condition is to secure the collection of information to an appropriate degree of accuracy, by the licensee so as:
 - (a) to facilitate the establishment and operation of an incentive scheme (“the scheme”) to improve the operation of, and delivery of appropriate output from the licensee’s ~~LDZ-network~~Distribution Network;
 - (b) to monitor the operation of, and delivery of appropriate output from, the licensee’s ~~LDZ-network~~Distribution Network; and
 - (c) facilitate the development of an expenditure monitoring framework.
2. The licensee shall establish appropriate systems, processes and procedures to measure and record specified information from the dates specified in paragraph 4 of this Standard Special Condition and in accordance with regulatory instructions and guidance (including any associated information specified therein).
3. For the purposes of this Standard Special Condition:

revenue restriction	means the Distribution Network activity revenue restriction in Special Condition 28B <u>1</u> Part [1 b] (The Distribution Network transportation activity revenue restriction);
---------------------	---

charging review date	means any date from which modifications to Special Condition 28B <u>1</u> Part [1 b] (The Distribution Network transportation activity revenue restriction) relating to the licensee’s LDZ-network <u>Distribution Network</u> have effect:
----------------------	---

- (a) whether before or after the date upon which the modifications are made;
- (b) where such modifications have been proposed by the Authority following a review by the Authority of the revenue restrictions in Special Condition ~~28~~[B](#) Part [1 b](#) (The Distribution Network transportation activity revenue restriction) (or that part to which the modifications relate) in relation to the licensee;

formula year	has the meaning given to that term in Special Condition 28A B (Revenue restriction definitions);
LDZ network	means the licensee's LDZ transportation system management units or such other network management units as the licensee may from time to time establish;
Distribution Network	has the meaning given in Paragraph 6A of Special Condition 28B part 1b. B (Revenue Restriction Definitions).
LDZ peak demand	has the meaning given in standard condition 16 (pipe-line system security standards);
M number database	means the licensee's database which allocates a unique number to identify particular supply meter points as defined in the licensee's Network Code;
supply Supply year	for the purposes of this Standard Special Condition only, means any continuous period of twelve months commencing 1 October in each year and ending on 30 September in the immediately following year;

<u>Customer satisfaction survey</u>	<u>means a postal survey comprising only questions relating to the matters specified (the “specified matters”) in this Standard Special Condition which is carried out by an approved independent third party on behalf of the licensee;</u>
<u>specified matters</u>	<u>means questions relating to consumer demographics and customer satisfaction in respect of work undertaken by the licensee on service pipes which is likely to have caused an interruption to their gas supply;</u> <u>(i) the quality of communications made by the licensee to consumers providing them with information concerning works carried out;</u> <u>(ii) the inconvenience caused to consumers by that work; and</u> <u>(iii) consumers’ perception of the efficiency and professionalism with which the licensee carried out that work.</u>
<u>Approved independent third party</u>	<u>means a suitable company with expertise in the conduct of market research and customer surveys appointed by the licensee using a Terms of Reference approved in advance by the Authority;</u>

regulatory instructions and guidance means any instructions and guidance issued by the Authority for the purposes of this Standard Special Condition as modified from time to time by notice under paragraph ~~9~~10 and may include:

(a) instructions and guidance as to the establishment of different systems, processes, procedures and manners for providing and recording information and of standards for different classes of information;

- (b) a timetable for the development of the systems, processes and procedures required to achieve the appropriate standards of accuracy and reliability with which specified information shall be recorded;
- (c) the meaning of words and phrases used in defining specified information;
- (d) requirements for the recording of information associated with specified information which is reasonably necessary to enable an examiner to determine the accuracy and reliability of specified information;
- (e) requirements as to the form and manner in which specified information shall be provided to the Authority;
- (f) requirements as to the manner in which specified information shall be recorded and as to the standards of accuracy and reliability with which it shall be recorded; and
- (g) a statement as to whether and to what extent each category of specified information is required for the purposes of the scheme;

specified information

Means

(a)

information regarding interruptions comprising:

|

(i) the number of interruptions to supply, not caused pursuant to contract, per year in aggregate and disaggregate form in respect of the LDZ network and each LDZ in the form and manner specified in the regulatory instructions and guidance

(ii) the duration of interruptions to supply, not caused pursuant to contract, per year in aggregate and disaggregate form in respect of the LDZ network and each LDZ in the form and manner specified in the regulatory instructions and guidance

(b) customer satisfaction survey results comprising:

(i) in respect of consumers who have been affected by work carried out by the licensee on service pipes which is likely to have caused an interruption to their gas supply through planned work, [x] questions in total concerning the specified matters, in respect each Distribution Network in the form and manner specified in the regulatory instructions and guidance;

(ii) in respect of consumers who have been affected by work carried out by

the licensee on service pipes which is likely to have caused an interruption to their gas supply through unplanned work, [x] questions in total concerning the specified matters, in respect of each Distribution Network in the form and manner specified in the regulatory instructions and guidance; and

In respect of sub-paragraph (b), the licensee shall procure the information via a customer satisfaction survey which will be undertaken [four] times in each formula year. The number of consumers surveyed will be sufficient to ensure that a statistically robust sample of responses as defined in the regulatory instructions and guidance is returned by the consumers to the licensee. Any such customer satisfaction survey will be in the form and conducted in the manner specified in the regulatory instructions and guidance. The method of calculating the results of the customer survey shall be set out in the regulatory instructions and guidance. The method of selecting the customers surveyed shall be set out in the regulatory instructions and guidance.

(c) information regarding queries from shippers, comprising:

(i) the percentage of Shipper queries resolved within 10 business days in aggregate and disaggregate form in

respect of ~~the~~each LDZ network in the form and manner specified in the regulatory instructions and guidance;

(ii) the percentage of shipper queries resolved within 20 business days in aggregate and disaggregate form in respect of ~~the~~each LDZ network in the form and manner specified in the regulatory instructions and guidance; and,

(iii) the mean time taken to resolve outstanding shipper queries in both aggregate form and disaggregate form in respect of ~~the~~each LDZ network in the form and manner specified in the regulatory instructions and guidance.

(d) information regarding the M-number CD-ROM comprising:

(i) an assessment of the reliability of the M-number CD-ROM service in respect of ~~the~~each LDZ network in the form and manner specified in the regulatory instructions and guidance; and

(ii) a report of invalid or out of date information on the M-number CD-ROM service in respect of ~~the~~each LDZ network in the form and manner specified in the regulatory instructions and guidance;

(e) information regarding the replacement of mains and services (as the same are defined in the regulatory instructions and guidance) comprising:

- (i) the amount of mains decommissioned per year by the licensee, measured in kilometres and in aggregate and in disaggregate form in respect of ~~the~~each LDZ network and each Distribution Network in the form and manner specified in the regulatory instructions and guidance;
- (ii) the amount of replacement mains per year installed by the licensee, measured in kilometres in aggregate and in disaggregate form in respect of ~~the~~each LDZ network and each Distribution Network in the form and manner specified in the regulatory instructions and guidance;
- (iii) the number of services decommissioned per year by the licensee in aggregate and disaggregate form in respect of ~~the~~each LDZ network and each Distribution Network in the form and manner specified in the regulatory instructions and guidance;
- (iv) the number of replacement services installed per year by the licensee in aggregate and disaggregate form in

respect of ~~the~~each LDZ network and each Distribution Network in the form and manner specified in the regulatory instructions and guidance; and;

- (v) the number of services transferred per year by the licensee in aggregate and disaggregate form in respect of ~~the~~each LDZ network and each Distribution Network in the form and manner specified in the regulatory instructions and guidance.

- (f) information regarding LDZ peak demand measured in aggregate and disaggregate form in respect of ~~the~~each LDZ network and each Distribution Network in the form and manner specified in the regulatory instructions and guidance including:

- (i) the estimated 1-in-20 LDZ peak demand for the current supply year; and
- (ii) the licensee's forecast 1-in-20 LDZ peak demand for the next 10 supply years.

- (g) information regarding environmental performance measures including;

- (i) methane emissions in each formula year measured in estimated tonnes in respect of ~~the~~each LDZ network and each Distribution Network in the form and

manner specified in the regulatory instructions and guidance; and

- (ii) loss of containment of gas reportable to the Health and Safety Executive in accordance with the Control of Major Accident Hazards Regulations 1999 in the formula year in respect of ~~the~~each LDZ network and each Distribution Network in the form and manner specified in the regulatory instructions and guidance.

- (h) an analysis of trends observable from the ~~LDZ~~ environmental measures.

- (i) supporting information including:

- (i) information regarding annual demand in respect of ~~the~~each LDZ network and each Distribution Network in the form and manner specified in the regulatory instructions and guidance;

- (ii) information regarding all new connections from ~~the~~each LDZ network to premises or to pipeline systems operated by an authorised gas transporter in respect of ~~the~~each LDZ network and each Distribution Network in the form and manner specified in the regulatory instructions and guidance;

- (iii) information regarding all rechargeable diversions as defined in Special Condition ~~28B~~[] (Restriction of revenue in respect of the ~~NTS transportation owner activity, the~~ Distribution Network transportation ~~activity and the NTS system operation~~ activity) in respect of ~~the~~each LDZ network and each Distribution Network in the form and manner specified in the regulatory instructions and guidance;
- (iv) information regarding escapes of gas which have been reported by members of the public in aggregate and disaggregate form in respect of ~~the~~each LDZ network and each Distribution Network in the form and manner specified in the regulatory instructions and guidance;
- (v) information regarding the accuracy of one and three-year ahead annual and peak demand forecasts in respect of ~~the~~each LDZ network and each Distribution Network in the form and manner specified in the regulatory instructions and guidance;
- (vi) information regarding gas in buildings as the same is defined in the licensee's engineering instructions as the same may be updated from time to time in respect of ~~the~~each LDZ network and

each Distribution Network in the form and manner specified in the regulatory instructions and guidance; and

(vii) information regarding cast iron mains fractures in respect of ~~the~~each LDZ network and each Distribution Network in the form and manner specified in the regulatory instructions and guidance; and

(j) such other information as may from time to time be specified by the Authority, by notice to the licensee in accordance with paragraph 10.

4. The licensee shall collect specified information in respect of:

- (a) the matters specified in sub-paragraph (a) of the definition of specified information from and including 1 April 2003;
- (b) the matters specified in sub-paragraph (b) of the definition of specified information from and including 1 April 2005;
- (c) the matters specified in sub-paragraph (c)-(i) of the definition of specified information from and including 1 April 2002; and
- (d) any matter specified under sub-paragraph (j) of that definition from the date specified in a notice given in accordance with paragraph 10.

5. The licensee shall provide to the Authority:

- (a) the information referred to in sub-paragraph (a) of the definition of specified information, with respect to the formula year commencing 1 April 2005 and subsequent formula years, at least annually;

Deleted: s

Deleted: 3

Deleted: and 1 April 2004, on or before 31 July (information regarding the previous quarter), 31 October (information regarding the previous quarter), 31 January (information regarding the previous quarter) and 30 April (information regarding the previous quarter and the formula year) and in each respective year (or on such later dates as the Authority may by notice specify);

Deleted: (b) the information referred to in sub-paragraph (a) of the definition of specified information, on 30 April 2006 and then annually on that date (information regarding the previous formula year) (or on such later dates as the Authority may by notice specify)

- ▼
- (b) in respect of the formula year commencing 1 April 2005 and subsequent formula years, the results of the customer satisfaction surveys referred to in sub-paragraph (b) of the definition of specified information; which will have been undertaken at the end of each [three] month period in the form and manner specified in the regulatory instructions and guidance (or on such other later dates as the Authority may specify by notice ~~specify~~; in writing);
- (c) the information referred to in sub-paragraphs (c) - (i) of the definition of specified information on 31 July 2003 and then annually on that date (information regarding the previous formula year) (or on such later dates as the Authority may by notice specify); and
- (d) the information referred to in sub-paragraph (j) of the definition of specified information in respect of such period and by such date as shall be specified in the relevant notice in accordance with that sub-paragraph.

6. The licensee shall publish the information provided to the Authority specified in paragraphs 5(b) on its website within one month after the provision of that information to the Authority.

7. ~~6.~~ The licensee shall permit a person or persons nominated by the Authority (in each case “an examiner”) to examine the systems, processes and procedures referred to in paragraph 2 and their operation, the specified information and the extent to which each complies, and is in accordance, with this Standard Special Condition and the regulatory instructions and guidance.

8. ~~7.~~ The licensee shall (and shall procure, insofar as it is able to do so, that any affiliate of the licensee, any person by whom it procures the performance of the obligation in paragraph 2 and any auditor of such person or of the licensee shall) co-operate fully with an examiner so as to enable him to carry out, complete and report to the Authority on any examination carried out in accordance with paragraph 6.

9. ~~8.~~—The licensee’s obligation under paragraph ~~7~~8 to cooperate or procure cooperation with an examiner shall include, without limitation and insofar as necessary or expedient for such purpose, in each case subject to reasonable prior notice to the licensee:

- (a) providing access to management, employees, agents or independent contractors of the licensee sufficient to enable the examiner to make any enquiries and to discuss any matters which he reasonably considers to be relevant to the carrying out of the examination;
- (b) giving to the examiner access at reasonable hours to any premises occupied by the licensee or any other person in performing the obligations set out in this [Standard](#) Special Condition; and
- (c) allowing the examiner at reasonable hours:
 - (i) to inspect and make copies of, and take extracts from, any documents and records of the licensee maintained in relation to specified information;
 - (ii) to carry out inspections, measurements and tests on or in relation to any systems maintained and operated for or in relation to the requirements of this [Standard](#) Special Condition; and
 - (iii) to take onto such premises or onto or into any assets used for the purpose of the licensee’s ~~Distribution network~~[LDZ networks](#) such other persons and such equipment as may be necessary or expedient for the purpose of carrying out the examination.

10. ~~9.~~—A notice published by the Authority which adds to the categories of specified information or which modifies regulatory instructions and guidance (in each case, an “amendment”) shall have effect where the Authority has:

- (a) given prior notice to the licensee:

- (i) stating that it proposes to make the amendment and setting out its effect, the date it is proposed it should take effect and (where relevant) whether the additional category of specified information is required for the purposes of the scheme;
 - (ii) stating the reasons why it proposes to make the amendment;
 - (iii) specifying the time (not being less than 28 days from the date of publication of the notice) within which representations or objections with respect to the proposed amendment may be made; and
- (b) considered any representations or objections which are duly made and not withdrawn.

11. ~~10.~~ A notice under paragraph 9~~10~~ may not, where the amendment relates to a requirement in regulatory instructions and guidance to provide any specified information to a greater level of accuracy or the introduction of an additional category of specified information, specify a date for the purpose of paragraph 9~~10~~(a)(i) other than a charging review date nor be given less than 12 months prior to that date unless the licensee has agreed an alternative date or period of notice.

12. ~~11.~~ The reasons for proposing an amendment which relates to any change in regulatory instructions and guidance (other than that referred to in paragraph 10~~11~~) in respect of specified information which is or is intended to be required for the purposes of the scheme may have regard in particular to the desirability of:-

- (a) improving the presentation or style of the regulatory instructions and guidance or of the form and manner in which the specified information is to be provided;
- (b) summarising the terms of reference and instructions from time to time given to an examiner; or

Deleted: (a) In relation to the information referred to in sub-paragraph (a) of the definition of specified information, where the amendment relates to the specification of required levels of accuracy in the regulatory instructions and guidance prior to 1 April 2004, the period of 12 months referred to in paragraph 11 above shall be substituted with 3 months and the amendment may take place other than at a charging review date.¶

Formatted: Bullets and Numbering

- (c) setting out any of the matters referred to in paragraphs (a) to (f) of the definition of regulatory instructions and guidance in respect of any additional category of specified information

so as more effectively to achieve the purposes of this [Standard](#) Special Condition.

~~12.~~ [13.](#) Nothing in this [Standard](#) Special Condition shall require the licensee to produce any documents which it could not be compelled to produce or give in evidence in civil proceedings before a court.

