



*Promoting choice and
value for all customers*

Your Ref:
Our Ref:
Direct Dial: 020 7901 4264
Email: richard.clay@ofgem.gov.uk

18 February 2005

Dear Colleague,

Amendments to the gas distribution Regulatory Instructions and Guidance (RIGs)

This letter constitutes formal notice under special licence conditions 36 and 35 of the gas transportation licence to amend the gas distribution Regulatory Instructions and Guidance (RIGs). The revised RIGs are due to come into effect on 1 April 2005; a copy of the draft version is enclosed with this letter. Appendix 1 to this letter explains the amendments.

Ofgem's proposals should improve both the style and presentation of the RIGs. They also reflect the proposed changes to the gas transportation licence framework as part of the DN Sales process, including the introduction of a new category of specified information (i.e. the results of customer surveys). Ofgem will consider responses to the proposed amendments before issuing the final revised RIGs next month.

Ofgem welcomes views from respondents on the proposals. In line with the requirements of the relevant licence conditions, respondents should provide their responses by no later than 18 March 2005. Following due consideration of the responses, Ofgem will publish the revised RIGs later in March. Responses should be sent to:

Richard Clay
Ofgem
9 Millbank
London
SW1P 3GE

Email: richard.clay@ofgem.gov.uk
Tel: 020 7901 7264
Fax: 020 7901 7406

If you have any questions about the content of this letter or the RIGs please contact me on the above details.

Yours sincerely,

Richard Clay
Senior Quality of Service Manager

APPENDIX 1 Summary of changes to the RIGs

The proposed amendments are both for presentational purposes and to introduce the more substantive changes outlined in the body of this letter. The substantive changes and some of the presentational changes are set out below, including where appropriate the reasons Ofgem has made the amendments:

Part A

Consistent with the ongoing DN Sales process, Ofgem is proposing to remove all references to “Transco” from section A of the RIGs, replacing it with “DN” as appropriate. Similarly, in line with the licence condition, all references to “consumer” have now been replaced with “customer”.

Section 2: Number and duration of non-contractual Network supply interruptions

Ofgem is proposing to introduce a new definition of ‘interruption duration’ in this section. This follows work undertaken over the summer of 2004 by our audit consultants Wilcock Consulting who were appointed to assess the accuracy of Transco’s systems for reporting interruptions information. The change to reporting the interruption duration only (i.e. rather than start and end times) should ensure that data, particularly the duration of interruptions, is reported on a more accurate basis.

The associated guidance in paragraph sets out that licensees are required to report interruption duration by using best endeavours to obtain the necessary information. This includes information on the start time obtained from the Emergency Service Engineer, the call centre and the customer.

Ofgem is also proposing the following specific amendments:

Paragraph 2.4

Ofgem has amended the number of interruptions to be recorded on a per 10,000 customer basis. This will make the number reported more intuitive than the existing definition which is reported on a per 100 customer basis.

Paragraph 2.5

Ofgem has amended the definition of the duration of interruptions to a “customer hours” basis rather than a “customer minutes” basis. This follows the amendment for DNs to record information to the nearest hour.

Paragraph 2.22 – interruption end

This has been amended following advice from Wilcock Consulting that having more than one end of an interruption was contributing to less accurate reporting. The end of an interruption is now when gas is made available to the ECV, except where there are considerations outside of a DN’s control.

Section 3: Customer satisfaction surveys

Section 3 is a new section which reflects the proposal in the revised licence condition for licensees to undertake regular customer surveys. It sets out definitions and guidance for (i) undertaking the surveys; (ii) the format of the surveys; (iii) the survey frequency; and (iv) how the survey results should be calculated and reported to Ofgem.

Section 8: Reporting arrangements

This section has been updated to reflect amended reporting dates for licensees. It requires biannual reporting on interruptions performance for the regulatory year beginning 1 April 2005, with annual reporting thereafter.

Ofgem is also proposing a change in respect of the auditing arrangements. In the current version of the RIGs, the scope of the audit was limited to interruptions data, although going forward, Ofgem may extend this to other outputs, for example to the customer survey. This is consistent with the powers in the licence condition.

Part B

The transmission outputs required under Special Condition 35 (which will become Special Condition C16) have been separated from the distribution outputs and put into this separate section. The transmission outputs are unchanged.

Ofgem will provide templates for reporting the information required under the RIGs in due course.