

Ofgem discussed the purpose of the Forum and summarised the agenda items:

- To provide a summary of responses to Ofgem's consultation;
- To discuss in further detail the establishment of a Working Forum to review and revise for 1 April 06 the IGT / DN gas emergency service contract;
- To discuss the draft terms of reference compiled by Ofgem; and
- To appoint a chairperson for future Forum meetings and to discuss the next steps / way forward.

3. Ofgem presentation

Ofgem provided a summary of responses to its consultation document. Ofgem discussed the responses it received about whether it is appropriate to introduce a licence condition on DNs that defines the scope of an emergency service to IGTs.

- Ofgem explained that DNs oppose the introduction of a licence condition that defines the scope of an emergency service to IGTs. DNs question the need for a licence condition as DNs and IGTs agreed at Ofgem's workshop, that the contractual arrangements should continue;
- One DN suggested that if a licence condition is introduced its scope should be restricted to a make safe obligation only;
- IGTs support the introduction of a full 'make safe and restoration' licence condition on DNs; and
- IGTs explained that establishing an emergency service to provide a national service would be too expensive and impractical to implement.

Ofgem discussed the representations it received concerning whether it is appropriate for emergency services on IGT networks to continue to be provided through contractual arrangements only.

- All DNs support the continuation of the contractual regime that it currently in place between IGTs and DNs; and
- One DN supports the development of a standard emergency service contract that provides a minimum specified service to IGTs.

Ofgem discussed its initial thoughts on whether it is appropriate to introduce a licence condition on DNs. Ofgem suggested that its primary aim through the consultation is to protect the interests of IGT customers. Ofgem explained that it is considering whether it is appropriate to put in place a dormant licence condition on DNs that could be switched, after consultation, if the Authority considered it appropriate to do so. Ofgem explained that if it was to pursue a licence condition, this would be taken forward through a consultation process and not via the Working Forum.

4. Working Forum

Ofgem set out for consideration the following points in respect of the Working Forum:

- Ofgem's Role – to facilitate discussion and act as an observer. Ofgem explained that it would provide secretariat services for the Forum and produce minutes and papers that would be published on Ofgem's website.
- Membership – Ofgem suggested that the forum should be open and attendance should not be restricted.
- Chairperson – Ofgem suggested that the Forum will need to appoint a chair. Views were invited on who should chair the Forum meetings. IGTs suggested that as procurers of the emergency service from DNs an IGT should chair the Forum. GTC volunteered to chair the Forum and John Dale was appointed chair.
- Competition Act Concerns – Ofgem discussed a representation that set out concerns about DNs being in the same room and discussing commercial / pricing terms with IGTs. The representation suggests that this approach could place DNs in breach of the Competition Act. Ofgem explained that it had sought legal advice on this matter and the draft terms of reference it had circulated to the Forum, restrict the Forum from discussing commercial / pricing terms. All commercial / pricing issues should be discussed on a bi-lateral basis. Ofgem explained that it would, in the event that the Forum strays into discussions of a commercial / pricing nature, halt such discussions.

5. Forum Discussion

Ofgem invited views from the Forum on the following key points:

- Draft terms of reference.
- Next steps / way forward.

NGT discussed the need for a licence condition and suggested that DNs, through their safety case, are obliged to make safe reported gas emergencies. The Forum suggested that a make safe licence condition may not be appropriate if a make safe obligation is enshrined within each DN's safety case.

- Draft terms of reference – comments were provided on the draft terms of reference. NGT expressed concerns about the terms of reference referring to IGTs and DNs agreeing a revised contract. Ofgem agreed to amend the terms of reference to reflect that IGTs and DNs would agree a schedule of works for the contract and that this would form the basis of commercial / pricing discussions between each IGT and DN. **(ACTION:OFGEM)**

- It was suggested that a revised contract should be ready for 1 February 06. A number of IGTs suggested that there may not be sufficient time to put in place a revised contract for 1 April 2006. The Forum discussed whether DNs should provide a comfort letter that would provide assurances to IGTs, in the event that a revised contract was not ready for 1 April 06, the existing contract arrangements would be rolled over. The Forum agreed that the terms of reference should be amended to include the provision of such a comfort letter. Ofgem agreed to amend the terms of reference accordingly and circulate a revised terms of reference to the Forum.
(ACTION:OFGEM)

6. Next Steps – way forward

Ofgem invited views from the Forum on the next steps / way forward. Ofgem asked for views on how IGTs / DNs wish to take forward the review and revision of the emergency service contract.

The Forum discussed which emergency services contracts should be reviewed. GTC suggested that the emergency call handling, repair and metering contracts should be reviewed. The Forum suggested that distinct boundaries needed to be established between the call handling and emergency repair contracts.

SSE pipelines suggested that terminology and ambiguities that currently exist within the contracts need to be improved.

A number of IGT representatives suggested that a generic emergency contract should be established, which defines a baseline standard. This approach would allow new entrants, or service providers, to understand the service required, which would allow competition to develop.

IGTs agreed to consider their requirements in respect of emergency services. The current contracts would be a good starting point for such considerations. The IGTs supported separating the contract i.e establishing the service required to develop a common contract for IGTs and DNs, extracting commercial / pricing terms. IGTs proposed to develop their requirements and pass this to DNs. Each DN would have the opportunity to discuss this with IGTs. However, any commercial / pricing discussions would take place outside the Working Forum between each IGT and each DN.

7. Approach

- NGT agreed to provide to Ofgem the most up to date versions of the three emergency service contracts. **(ACTION:NGT)** Ofgem agreed to circulate these to DNs and IGTs. **(ACTION:OFGEM)**
- IGTs and DNs to extract from each contract commercial / price terms and highlight within each contract comments / suggestions on how to improve ambiguous terms / references. These are to be provided to Ofgem by 5 October 05. **(ACTION: DNs / IGTs)**

- Ofgem to distribute reviewed contracts including highlighted proposed revisions to IGTs and DNs week commencing 10 October 05, for further discussion on 20 October 05, at Ofgem's 9 Millbank offices.
(ACTION:OFGEM)

8. Any other business

No other issues were raised. Ofgem closed the Forum.

Date of next Forum meeting: 20 October 05, 10:00a.m start, at Ofgem's 9 Millbank offices.

