

**Designated Registrar of Pipes (DRP) Workshop  
14 September 2005, Ofgem 9 Millbank, London  
Minutes**

Present

Sean O'Hara	Ofgem
Roger Morgan	Ofgem
Steve Brown	Ofgem
Tom Guilfoyle	Ofgem (Minutes)
Paul Hemsley	SGN
Brian Farrow	SBGI
David Clare	Mowlem Energy
Mike Peacock	United Utilities (UU)
Tony Pearson	NGN
Bob Westlake	Wales and West Utilities
Tony Nixon	NGT
Paul Rogers	NGT
John Turner	NGT
John Dale	GTC
Jane Maidment	Ordnance Survey
Andrew Duffield	EGS
Gareth Jones	Mouchel Parkman
Marc Hobell	Ordnance Survey

Apologies

Stephen Parker	Northern Gas Networks
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**1. Open workshop – Purpose of workshop**

Ofgem welcomed attendees and opened the workshop. Ofgem discussed its consultation letter 'Designated Registrar of Pipes Licence Conditions / Accuracy of Gas Pipeline Records' and set out the key workshop discussion points:

- Whether it is appropriate to amend the existing Designated Registrar of Pipes (DRP) licence conditions;
- Whether the industry should continue with the current arrangements for maintaining pipeline records or whether a more formal approach is required i.e appointing one or more DNs as a DRP(s);
- What measures can be put in place to improve the accuracy of pipeline records; and
- What compensation arrangements should be put in place.

## **2. Ofgem Presentation**

Ofgem provided an overview of the consultation issues and described the concerns expressed by Independent Connection Providers (ICPs) and Independent Gas Transporters (IGTs) who have experienced the following difficulties when attempting to locate mains / pipes using DN pipeline records:

- ICPs / IGTs suggest that in a number of cases the physical location of a pipe / main differs to what is illustrated on the DN's pipeline records.
- In some cases the pipe material / diameter on site differs to what is illustrated on the DN's records.
- ICPs / IGTs suggest that inaccurate pipeline records creates inappropriate costs that are not fully recovered from DNs. For example, extra trial hole costs, additional kit, labour costs etc.

Ofgem explained that DNs are due to introduce a mains location process that allows ICPs / IGTs to recover a reasonable amount of compensation.

## **3. Workshop Discussion**

Ofgem urged workshop attendees to submit written responses to the DRP consultation and explained that the discussions in the workshop will help Ofgem to inform its decision document and whether it is appropriate to pursue further policy initiatives.

### **DRP Licence Condition**

NGT questioned whether appointing a DRP would improve the accuracy of existing pipeline records and expressed concerns about whether a price control provision would be allowed for if the DRP licence conditions were invoked or in the event that a programme of works was undertaken to improve the accuracy of existing records.

NGN and SGN suggested that invoking the DRP licence conditions would not improve the accuracy of historic records. NGN expressed concerns about who is liable for inaccurate records, in the event that a DRP is appointed, and explained that there is no mechanism in place to confirm whether or not pipeline information is accurate. This is particularly relevant when DNs adopt assets from IGTs / ICPs.

Ofgem suggested that IGTs should be liable if their records are inaccurate, therefore, the IGT should ultimately be responsible regardless whether or not the asset has been adopted by a DN.

UU suggested introducing a charging scheme for parties requiring access to pipeline data, however, for this to succeed the data provided would have to be accurate and up to date.

A number of DNs raised concerns about increased costs arising from the appointment of a DRP(s). In particular, the potential for increased administrative costs. NGT suggested that if one or more DRP(s) were appointed, IGTs and DNs would have to develop a common system and methodology for mapping pipelines. DNs suggested that a common system for providing and recording pipeline data is required to ensure confidence in the data.

GTC suggested an alternative approach. That is, the introduction of an independent 3<sup>rd</sup> party to act as a DRP. The 3<sup>rd</sup> party would act as central point of contact for industry using a common standard for receiving and providing pipeline records.

EGS expressed disappointment that the Health and Safety Executive (HSE) was not present at the workshop as the recording of pipeline location is a safety issue and falls under the remit of the HSE. EGS suggested that the HSE requires DNs to record accurate records of pipeline data.

EGS questioned the value of appointing DNs as DRP(s) and suggested that this would not overcome safety issues arising from inaccurate records.

Ofgem discussed the implications of appointing DRP(s). Ofgem suggested that the purpose of a DRP is to provide a central point of contact for pipeline records, for a DRP to be effective, the mechanism for providing and obtaining pipeline data would have to be simple and clear. Ofgem added that appointing a DRP(s) is one possible option and that if feedback from the workshop suggests the DRP(s) is not the most optimum solution, Ofgem would take this into consideration in any future policy decisions.

### **Contractual Arrangements**

Ofgem asked for views on what measures should be put in place to improve the recording of pipeline data and questioned the reasons for inaccurate records. Ofgem explained that through contractual arrangements IGTs / ICPs provide pipeline records to DNs.

GTC suggested that there are a number of problems associated with the recording of pipeline data. For example, the transfer of records, especially those of new developments which are not present on ordnance survey maps. The data passed to DNs is generally a builder's drawing without geographical references. Once ordnance survey geography is added the map is substantially altered.

Ofgem questioned whether DNs have systems and processes for updating records provided by IGTs and ICPs.

NGT suggested that IGTs and ICPs provide pipeline records to DN's via DR8s, and a DN's contractor should provide updates to DN's via DR4s.

EGS suggested that the lack of a defined process to update new as-laid drawings onto existing records results in pipeline data not being updated, which in turn results in records becoming inaccurate. EGS explained that it provides DR8 records to Transco, however, these records do not appear on pipeline maps in a timely manner.

Ofgem suggested that it was aware of a backlog of records requiring update and that the HSE had been involved in discussions with Transco to reduce this backlog. Ofgem queried whether Transco had provided DN's with details of backlogs. Ofgem suggested that at hivedown each DN should have inherited records and from 1 June 05 each DN should be in a position to identify any backlogs.

Wales and West explained that it has a team in place to update DR4 records.

### **Impact on Competition**

Mowlem suggested that inaccurate records affects all utilities and is not just a problem in the gas market. Mowlem explained that inaccurate gas records impacts on its ability to compete in the final connections gas market as it is unable to fully recover arising costs.

Due to the level of errors identified EGS explained that it has withdrawn from the CSEP market. EGS suggested that the accuracy of pipeline records is a HSE issue and does not fit within Ofgem's remit.

Ofgem explained that its primary concern is the impact of inaccurate records on competition in connections. Ofgem explained that it is concerned as to whether DN's are acting in an economic and efficient manner and that Ofgem would liaise with the HSE during its consultation.

### **Mains Location Process**

Ofgem discussed the mains location process developed by Transco and asked DN's to confirm whether they intend to implement this process.

- ◆ NGT explained that it is due to go live on 1 September 05.
- ◆ NGN, Wales and West and SGN confirmed that they are currently considering whether it is appropriate to adopt this process.

EGS provided the following views:

- ◆ The process is slow, not customer friendly and it takes too long to resolve the compensation payable;

- ◆ The terms and conditions are not equitable;
- ◆ A quick response is required by the DN i.e assistance; and
- ◆ Reasonable costs should be recovered if a dispute arises this should be resolved through the courts.

GTC provided the following views:

- ◆ GTC advocated the use of a location tolerance;
- ◆ No tolerance should be built in for material, pressure, diameter and ownership as these are within the DN's control and should be recorded accurately.

NGT suggested that inaccuracies are factored into contractor costs and are ultimately recovered from customers. Ofgem suggested that it was inappropriate to recover these costs from customers and added that any additional costs resulting from inaccurate records should be paid for by the DN rather than the customer.

EGS suggested that consumers should not pick up the costs arising from inaccurate pipeline records.

### **Next Steps**

Ofgem summarised the workshop discussions and asked respondents to provide comments on the issues discussed in the DRP consultation letter and:

- ◆ Who should bear the costs of inaccurate pipeline records; and
- ◆ Whether it is appropriate for contractor rates to be increased to allow costs arising from inaccurate records to be passed onto customers.

NGT suggested that it was appropriate for the industry to assess the effectiveness of the mains location process and review its use in light of experience.

Ofgem stressed the need to obtain a better understanding from DNs regarding:

- ◆ The size and scale of the inaccuracies;
- ◆ The processes put in place by DNs to process DR4 and DR8 updates,
- ◆ A breakdown of DR4 / DR8 submissions; and
- ◆ The levels of DR4 / DR8 backlogs.

Ofgem set out its intentions to compile an information request to all DNs and explained that its findings might be shared with the HSE.

**4. Any other business**

No other issues were raised. Ofgem closed the workshop.