

Impact of enduring gas offtake reform: preliminary impact assessment

Overview of data *pro forma* cost survey

Purpose of the *pro forma*

- December 2005 TPCR consultation outlined **five alternative models** for offtake arrangements
- Intention is to include an **preliminary Impact Assessment** of the high-level models in the March 2006 “Third” TPCR consultation
- **Further impact assessment(s)** will to be undertaken once details of the arrangements have been developed further
- Cost implications to be assessed for **all industry participants**
- Cost survey published on Ofgem website on **12 January 2006**

Development principles

- Separate pro forma requests have been prepared for:
 - Shippers and Transmission Connected Customers (TCCs) – including interconnectors and storage operators; and
 - Gas transporters and the (DN) Agency
- Guidance documents prepared to ensure high-level consistency across submissions
- Recognises the differing characteristics of businesses surveyed, so allows some freedom in:
 - the format used; and
 - the nature and extent of disaggregation of cost data; and
 - the assumptions used.

Structure of the *pro forma*

The pro forma request consists of three documents:

Spreadsheet	Requests high-level data in a consistent format
Guidance note	articulating how the spreadsheet should be completed and the additional commentary / justification required
Assumptions paper	describes the arrangements proposed, considering the impact from the perspective of shippers, storage, TCCs, DNs and interconnector businesses

The spreadsheet

- Requests basic business characteristics data for shippers and TCCs (separate sets of questions specified for both)
- Requests up-front implementation costs and net ongoing annual costs
- Further disaggregation into IT systems costs, staff costs and other costs
- Totals page: does not require data entry, but totals generated should be sense checked
- Data entry cells in yellow
- Other cells generate totals to ensure internal consistency and should be cross-checked

High-level guidance

- When completing the pro forma, respondents should:
 - Consider the impact on ***their business alone***;
 - Quantify the cost implications of those measures ***as described in the assumptions paper***;
 - Quantify costs of the User Commitment models relative to the ***status quo*** (the transitional arrangements);
 - Where decisions have yet to be made, ***assume the lowest cost*** solution, detailing assumptions you have made in the commentary;
 - Ensure costs estimated are ***efficient and necessary***; and
 - ***Provide sufficient detail***, where possible adding commentary on any assumptions that have been made.

Please read the guidance and assumptions documents prior to completing the pro forma, and call us with any queries you have

Next steps

- Deadline for completion: Thursday 9 February 2006
- Queries and completed responses should be forwarded to Matteo Guarnerio, 020 7901 7493
matteo.guarnerio@ofgem.gov.uk