

Appendix 14: - Proposed Standard Special Conditions in Part D**Standard Special Condition D9. Distribution Network transportation activity incentive scheme and performance reporting**

1. The principal purpose of this condition is to secure the collection of information on a common basis as between relevant gas transporters and to an appropriate degree of accuracy, by the licensee so as:
 - (a) to monitor delivery of appropriate outputs from each Distribution Network;
and
 - (b) to facilitate the establishment and operation of an incentive scheme (“**the scheme**”) to improve the operation of, and delivery of appropriate outputs from each Distribution Network.
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 condition and in accordance with regulatory instructions and guidance (including any associated information specified therein).
3. For the purposes of this condition:

“asset error correction reports” means a report of an instance in which the licensee’s records do not accurately describe the location or nature of the licensee’s assets;

“customer satisfaction survey” means a postal survey comprising only questions relating to the specified matters in this condition which is carried out by an independent third party on behalf of the licensee;

“digitise” means to convert asset information (such as pipe material, diameters, and positional measurement information) recorded in analogue formats into digital formats and cognate

expressions shall be construed accordingly.

**“Distribution
Network”**

has the meaning given in Special Condition E1 (Revenue Restriction Definitions in respect of the Distribution Network);

**“independent third
party”**

means a suitable person with expertise in the conduct of market research and customer surveys appointed by the licensee using terms of reference approved in advance by the Authority;

**“regulatory
instructions and
guidance”**

means any instructions and guidance issued by the Authority for the purposes of this condition as modified from time to time by notice under paragraph 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;

“revenue restriction” means the Distribution Network transportation activity revenue restriction in Special Condition E2 (Restriction of revenue in respect of the Distribution Network transportation activity);

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

manner specified in the regulatory instructions and guidance;

- (b) customer satisfaction survey results comprising:
- (i) in respect of customers who have been affected by planned work carried out by the licensee on service pipes which is likely to have caused an interruption to their gas supply, the results of questions concerning the specified matters, in respect of each Distribution Network in the form and manner specified in the regulatory instructions and guidance,
 - (ii) in respect of customers who have:
 - aa) been affected by work carried out by the licensee on service pipes which is likely to have been associated with an unplanned interruption to their gas supply, and/or
 - ab) contacted the telephone service (operated pursuant to paragraph 1(a) of Standard Special Condition A8 (Emergency Services and Enquiry Service Obligations)) to report a gas emergency,
- the results of questions concerning the specified matters, in respect of each Distribution Network in the form and manner specified in the regulatory instructions and

guidance,

(iii) in respect of customers who have requested a quotation for obtaining a new or altering an existing gas connection and/or had works planned and/or carried out by the licensee to provide a new or alter an existing connection, the results of questions concerning the specified matters, in respect of each Distribution Network in the form and manner specified in the regulatory instructions and guidance,

(c) information regarding environmental performance measures including 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 each Distribution Network in the form and manner specified in the regulatory instructions and guidance;

(d) an analysis of trends observable from the environmental performance measures;

(e) information regarding the accuracy of pipe-line records in each Distribution Network comprising:

(i) the number of asset error correction reports submitted in each formula year in aggregate and disaggregate form in respect of each Distribution Network in the form and manner specified in the regulatory instructions and

guidance;

- (ii) the number of pipe-line records digitised per year in aggregate and disaggregate form in respect of each Distribution Network in the form and manner specified in the regulatory instructions and guidance;
 - (iii) the number of pipe-line records awaiting digitisation at the end of each reporting period in aggregate and disaggregate form in respect of each Distribution Network in the form and manner specified in the regulatory instructions and guidance; and
 - (iv) the date of the oldest pipe-line record awaiting digitisation at the end of each reporting period in respect of each Distribution Network in the form and manner specified in the regulatory instructions and guidance;
- (f) supporting information including:
- (i) information regarding escapes of gas which have been reported by members of the public in aggregate and disaggregate form in respect of each Distribution Network in the form and manner specified in the regulatory instructions and guidance,
 - (ii) information regarding gas in buildings as defined in the licensee's engineering instructions as may be updated from time to

time in respect of each Distribution Network in the form and manner specified in the regulatory instructions and guidance,

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

(g) such other information as may from time to time be specified by the Authority, by notice to the licensee in accordance with paragraph 11;

“specified matters” means (a) customer demographics and (b) customer satisfaction relating to:

(i) the quality of communications made by the licensee to customers providing them with information concerning works carried out,

(ii) the inconvenience caused to customers by that work, and

(iii) customers’ perception of the efficiency and professionalism with which the licensee carried out that work; and

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

(a) the matters specified in sub-paragraphs (a) to (f) of the definition of specified information from 1 April 2008 and for the periods as specified in the regulatory instructions and guidance; and

(b) any matter specified under sub-paragraph (g) of that definition from the date specified in a notice given in accordance with paragraph 10.

5. Where the licensee procures specified information through the use of customer satisfaction surveys, those surveys shall be undertaken quarterly in each formula year and the regulatory instructions and guidance shall specify:
 - (a) the number of customers to be surveyed;
 - (b) the method of selecting those customers;
 - (c) the form of each customer satisfaction survey and the manner in which it is to be conducted; and
 - (d) the method of calculating the results of the customer survey.
6. The licensee shall provide to the Authority:
 - (a) the information referred to in sub-paragraphs (a) to(f) of the definition of specified information, in the form, manner and frequency specified in the regulatory instructions and guidance;
 - (b) the information referred to in sub-paragraph (g) 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 paragraph.
7. The licensee shall publish the information provided to the Authority specified in sub-paragraph (b) of the definition of specified information on its website within one month after the provision of that information to the Authority.
8. 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 condition and the regulatory instructions and guidance.
9. 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 8.

10. The licensee's obligation under paragraph 9 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 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 condition; and
 - (iii) to take onto such premises or onto or into any assets used for the purpose of each Distribution Network such other persons and such equipment as may be necessary or expedient for the purpose of carrying out the examination.
11. Where the Authority considers that the regulatory instructions and guidance should be modified to:

- (a) improve the presentation or style of the requirements of those regulatory instructions and guidance;
- (b) remove or reduce inconsistencies between relevant gas transporters in the application or interpretation of such requirements;
- (c) further clarify the meaning of words and phrases used within such requirements to define the information to be provided;
- (d) improve the form or manner in which such information is to be provided under such requirements; or
- (e) introduce additional categories of specified information or enlarge existing categories of specified information,

in such ways as the Authority may reasonably require so as more effectively to achieve the principal purpose of this condition, the Authority may, subject to paragraphs 12 to 15, modify the regulatory instructions and guidance by issuing a direction for that purpose to all relevant gas transporters.

12. Before issuing a direction under paragraph 10, the Authority, by notice given to all relevant gas transporters, must:
- (a) state that it proposes to make a modification and set out the date on which it proposes that this should take effect;
 - (b) set out the text of the modification, the purpose and the effect of the modification, and the reasons for proposing it; and
 - (c) specify the time (not being less than 28 days from the date of the notice) within which representations or objections with respect to the proposed modification may be made,

and must consider any representations or objections which have been duly made and are not withdrawn, and give reasons for its decision.

13. Any modification to the regulatory instructions and guidance made under paragraph 10 to enlarge an existing category of information may not include information that the licensee could not be required to provide to the Authority under paragraph 1 of Standard Special Condition A26 (Provision of Information to the Authority), excluding the effects of paragraph 8 of that condition.
14. The provision of the regulatory instructions and guidance may not exceed what may be reasonably required to achieve the purposes of this condition or purport to have effect with respect to the interpretation of any other condition of this licence or the fulfilment by the licensee of any obligation imposed in respect of any matter which is the subject of any such condition.
15. Nothing in this 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.

Standard Special Condition D10. Quality of service standards

1. This condition applies to the following activities undertaken by the licensee:
 - (a) connections to the pipe-line system to which this licence relates, in respect of:
 - (i) the provision of quotations for obtaining a new or altering an existing connection;
 - (ii) responding to land enquiries;
 - (iii) providing a date for commencement of works; and
 - (iv) substantial completion of works within timescales agreed with the customer;
 - (b) the telephone service which the licensee operates or procures the operation of pursuant to Standard Special Condition A8 (Emergency Services and Enquiry Service Obligations) of the licence and the dedicated enquiry line and meter point reference number helpline; and
 - (c) attendance at gas emergencies including gas escapes, emissions of carbon monoxide, fumes or other hazardous situations.

2. For each relevant period, the licensee shall procure that:
 - (a) 90 per cent of standard quotations for obtaining a new connection or altering an existing connection up to and including rates of flow of 275 kWh per hour are issued within six working days of receipt of the request unless the customer requests a deferral;
 - (b) 90 per cent of non-standard quotations for:
 - (i) obtaining a new connection or altering an existing connection up to and including rates of flow of 275kWh per hour are issued within eleven working days of receipt of the request unless the customer requests a deferral; and
 - (ii) obtaining a new connection or altering an existing connection where rates of flow exceed 275kWh per hour are issued within twenty one

working days of receipt of the request unless the customer requests a deferral;

- (c) 90 per cent of new or altered connections are substantially completed within the timescales agreed with the customer;
- (d) 90 per cent of replies to land enquiries are issued within five working days of receipt of the request unless the customer requests a deferral;
- (e) in 90 per cent of cases, provide within twenty working days dates for commencement and substantial completion of works from the receipt of acceptance of a quotation provided under paragraph 2 (a) or (b) unless the customer requests a deferral;
- (f) 90 per cent of telephone calls:
 - i. to the telephone service, which the licensee operates or procures the operation of pursuant to Standard Special Condition A8 (Emergency Services and Enquiry Service Obligations) of the licence, will be answered by a person adequately trained to process such calls; and
 - ii. to the dedicated enquiry line and meter point reference number helpline, to the extent, and during such hours that, the licensee operates or procures the operation of such lines, will be answered;within 30 seconds;
- (g) in 97 per cent of cases, where a report of a gas emergency including a gas escape, an emission of carbon monoxide, fumes or other hazardous situation is received on the telephone service which the licensee operates or procures the operation of pursuant to Standard Special Condition A8 (Emergency Services and Enquiry Service Obligations) of the licence, or by any other means, the licensee shall attend or procure the attendance of an emergency service provider at the site of the incident promptly and in either event:
 - (i) in respect of an uncontrolled gas escape or other uncontrolled gas emergency, within 1 hour of the full emergency details being received on the telephone service, or by any other means; or

- (ii) in respect of a controlled gas escape or other controlled gas emergency, within 2 hours of the full emergency details being received on the telephone service, or by any other means.
3. The licensee shall from time to time submit to the Authority for its agreement an accuracy review scheme through which customers can require the licensee to review the accuracy of quotations for obtaining a new connection or altering an existing connection and, in the event that the licensee provides an inaccurate quotation, the licensee shall adjust any charge made to the customer to the amount due under an accurate quotation.
4. In relation to requests received by the licensee relating to activities referred to in sub-paragraph 1(a), where a request is received after 5pm on any day it shall be deemed for the purposes of this condition as having been received on the next working day.
5. For the purpose of sub-paragraph 2(f) where the licensee operates or procures the operation of these telephone services in conjunction with other gas transporters, performance shall be measured by aggregating all calls relating to those services.
6. The licensee shall, once in each formula year, provide specified connection information to the Authority.
7. The licensee shall, once in each formula year:
 - (a) undertake an audit in respect of the provision by the licensee of services under paragraph 1(a);
 - (b) inform the Authority of the nature and scope of such audit; and
 - (c) when requested by the Authority in writing, review such audit and the manner in which it is being operated with a view to determining whether any modification should be made to such audit or to the manner of its operation.
8. This condition shall not apply to requests for connections:
 - (a) to new build domestic developments of at least 5 domestic premises where there is no existing connection to the pipe-line system to which this licence relates;

- (b) to new build non domestic developments of at least 5 non-domestic premises where there is no existing connection to the pipe-line system to which this licence relates;
 - (c) to premises to which gas will be conveyed at a pressure of more than 7 bar gauge;
 - (d) classed as complex connections in a statement issued from time to time by the licensee and agreed with the Authority after such consultation as the Authority directs;
 - (e) classed as excluded connections in a statement issued from time to time by the licensee and agreed with the Authority; or
 - (f) where the customer has failed to provide to the licensee such information as the licensee requires from the customer in order to provide a quotation.
9. The licensee shall prepare and from time to time revise a statement describing the performance standards required under paragraph 2(f) and 2(g) of this condition and the level of performance achieved in respect of those standards in a form and having a content which the licensee could reasonably expect would be within the understanding of customers to whom the statement relates and shall:
- (a) give a copy of the statement and of any revision of the statement to the Authority and to the Council, before he sends it to the gas suppliers referred to in sub-paragraph (b);
 - (b) at least once in any period of 12 months dispatch to each gas supplier which supplies gas to customers connected to the licensee's pipe-line system for onward transmission to the gas supplier's customers a copy of the statement (in the form current at the time it is provided);
 - (c) make a copy of the statement (in its current form) available for inspection by any person at any offices fixed as appropriately the licensee for the purposes of section 46(3) of the Act or, if none, at any premises of or occupied by the licensee open to the public in the normal course of the licensee's business during the normal opening hours of the premises; and
 - (d) dispatch a copy of the statement (in its current form) to any person who requests it.

10. The statement prepared under paragraph 9 shall be published in the form of a single document that also includes the statement referred to in paragraph 2 of regulation 15 of the Gas (Standards of Performance) Regulations 2005 (as amended).

11. For the purposes of this condition only:

“accurate quotation” means a correct charge in accordance with the licensee’s published connection charging statement;

“connection” means the provision of pipe-work from the gas pipeline system of the licensee to the emergency control valve at the relevant premises

“controlled gas escape or other controlled gas emergency” means a gas escape or other gas emergency where the person reporting the escape or other emergency, after carrying out (or causing to be carried out) the actions advised the telephone service, advises the operator that the escape of gas or other emergency appears to have ceased.

“emergency service provider” shall have the same meaning as in the Gas Safety (Management) Regulations 1996;

“independent connection provider” means any person that provides consultancy and/or engineering services in relation to connections on behalf of customers, gas shippers, gas suppliers and gas transporters;

“land enquiry” means an indication of the availability of gas, an estimate of pressure that is or may become available, an estimate of the cost of the relevant connection and, where appropriate, the approval of a design for the provision of a new or alteration of an existing connection;

“non-standard quotation” means a quotation other than a standard quotation (but excluding a self-quote);

“relevant period” means the period from 1 April 2008 until 31 March 2009 and thereafter each succeeding period of 12 months starting on 1 April;

- “self-quote”** means a quotation produced by the customer for the provision of a new or alteration of an existing connection in accordance with any conditions published by the licensee to enable the customer to calculate the cost of the relevant works;
- “specified information”** means as a minimum:
- (a) the number of requests which the licensee has received for each of the services referred to in paragraph 1(a);
 - (b) the number of requests for each of the services referred to in paragraph 1(a) in respect of which the licensee has provided the requested service within the timescales set out in paragraph 2(a)-(e);
 - (c) the number of requests for each of the services referred to in paragraph 1(a) in respect of which the licensee has not provided the requested service within the timescales set out in paragraph 2(a)-(e);
 - (d) the amount (if any) paid for the purposes of refunding customers for failure to provide an accurate quotation;
 - (e) the amount of compensation (if any) paid by the licensee for the purpose of compensating customers entitled to compensation under regulations made under section 33AA of the Act;
 - (f) the number of times any payment caps specified under regulations made under section 33AA of the Act have been reached;
 - (g) the results of any audit carried out under paragraph 7 above;
 - (h) the number of connection requests under paragraph 1(a) that the licensee has identified as falling within the categories set out in paragraph 8;

- (i) the number of calls received under paragraph 1(b) and the number of calls in respect of which the licensee has provided the requested service within the timescales set out in paragraph 2(f)(i) and 2 (f)(ii);
- (j) the number of reports received under paragraph 1(c) that the licensee has identified as falling within the category set out in paragraph 2(g)(i) and the number of reports in respect of which the licensee has provided the requested service within the timescales set out in paragraph 2(g)(i); and
- (k) the number of reports received under paragraph 1(c) that the licensee has identified as falling within the category set out in paragraph 2(g)(ii) and the number of reports in respect of which the licensee has provided the requested service within the timescales set out in paragraph 2(g)(ii).

“standard quotation” means a standard quotation (excluding a self-quote) that does not require a site visit; and

“substantial completion” means that the connection and the emergency control valve to the premises has been installed and commissioned.

12. Where the licensee is a DN operator that operates more than one Distribution Network (as defined in Special Condition E1 (Revenue restriction definitions in respect of the Distribution Network)), the obligations of this condition shall apply in respect of each Distribution Network.