



To gas shippers and suppliers

*Promoting choice and  
value for all customers*

Our Ref:  
Direct Dial: 020 7901 7292  
Email: [steve.brown@ofgem.gov.uk](mailto:steve.brown@ofgem.gov.uk)

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Dear Colleague

### **Sub-deducts networks survey**

Under section 6A of the Gas Act 1986, the Secretary of State has powers to grant class or individual exemptions from the prohibitions under section 5(1) of the Gas Act 1986 on unlicensed conveyance, shipping or supply of gas.

Since 1996, the Secretary of State has made several class and individual exemption orders including the Gas Act 1986 (Exemptions) (No.1) Order 1996 (SI 1996/449) that are relevant to the "sub-deduct" networks (as referred to in the licence and the Uniform Network Code). The statutory instrument sets out an exemption for conveyance of gas in cases of secondary metering. The statutory instrument is due to expire on 1 March 2011.

There are circa 1,700 sub-deduct networks with approximately 3,300 end users of which approximately 50 per cent are domestics. No new sub-deduct arrangements have been developed since 1996. Ownership and maintenance responsibilities including gas safety are not clearly defined for these networks. This uncertainty raises potential concerns with regard to gas safety on these networks and the risks faced by end users and the general public. Following extensive discussion with the HSE and the Gas Distribution Network (GDN) owners, there appears to be general agreement in principle that the preferred solution is for the GDNs to adopt the sub-deduct networks.

This would ultimately result in the GDNs having ownership and maintenance responsibility for the sub-deduct networks. However it is apparent from extensive cross industry discussion that there is very limited information available about the physical characteristics of these networks.

Further to this, we stated in our Final Proposals document<sup>1</sup> that we have set an allowance for each GDN to conduct a technical survey of sub-deducts networks attached to their systems. The survey will seek to establish the following technical information:

- ownership and access issues;
- location and layout of sub-deduct networks (length of pipes, proximity of pipes to buildings and distance from GDN network etc);
- the pressure of gas on each network;
- existence of other equipment (Governors, Boosters etc); and

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<sup>1</sup> Gas Distribution Price Control Review, Final Proposals – December 2007

- potential difficulties associated with future re-engineering and a broad assessment of the costs of doing so.

You will already be aware which of your customers are affected by this survey and so the purpose of this letter is to inform you of this initiative and ask that you assist by advising your customers of the GDNs' intentions and request their full co-operation and assistance. It is likely that it will be necessary for the GDNs to make appointments to visit individual premises and seek information from customers directly.

Ofgem does not envisage that the survey would seek to establish the structural integrity of any pipe work beyond a visual inspection at this stage. Underground or concealed pipe work will not be subject to excavation nor will dismantling of building infrastructure be necessary. It is envisaged that the survey work should be completed within two years.

The survey findings will be submitted to Ofgem in a report from each of the GDNs, detailing the relevant technical information. This report will then provide Ofgem with the necessary data to progress towards determining future policy and the likely costs associated with the re-engineering of sub-deduct networks. We envisage that the report may also inform the expected DBERR policy consultation on the replacement statutory instrument.

If you have any queries regarding this letter please contact Steve Brown on 020 7901 7292 or by email at [steve.brown@ofgem.gov.uk](mailto:steve.brown@ofgem.gov.uk).

Yours faithfully

Steve Brown