

Mark Cox
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Ofgem
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Dear Mark,

Re: Open letter consultation: Potential Significant Code Reviews

Thank you for the opportunity to respond to Ofgem's open letter on potential Significant Code Reviews (SCRs). Northern Gas Networks (NGN) response is in relation to impacts on gas distribution and Uniform Network Code (UNC) and addresses each of the two areas in turn.

Gas security of supply

Over the most recent winter extreme weather was experienced combined with supply issues from offshore which let National Grid Transmission to declare Gas Balancing Alerts. NGN believes that the markets responded well to the extreme conditions.

As a result of operating at approximately 80% of peak firm load during the most extreme weather conditions, NGN called on Network Sensitive Loads to interrupt in line with planned expectations. The response to this interruption request was good and NGN is confident that this positive response would continue in the future.

NGN agrees that security of supply for the GB gas markets is an important matter and that the arrangements should be kept in continuous review. We do, however, believe that as that the continuous review approach rather than a SCR may be more suitable.

Smart metering impact on wider industry processes

NGN welcome Ofgem's view that the introduction and rollout of smart metering should be subject to a SCR and agrees that it meets the criteria for such a review. Smart metering will undoubtedly impact on multiple industry codes and a co-ordinated overarching review of this will be timely in enabling the industry to make necessary changes. It is NGNs understanding that this type of multiple industry code issue is at the core of the requirement for SCRs.

NGN believes that it is important that any Smart Metering SCR considers the work which has already taken place within the UNC during the development of Modification Proposal 0270 and the ongoing work being carried out under the banner of Project Nexus. Project Nexus has considered both enduring and transitional arrangements for widespread AMR and has established considerable industry aspirations on the future of gas settlement arrangements.

The launch of a SCR will enable industry participants to consider this work alongside the output of the current Smart Metering Implementation Programme (SMIP) work and provide a framework to ensure that transition to a future regime is robust. The SCR will further provide the opportunity to consider the wider operational impacts for GDNs which will result from the roll-out of smart metering such as those noted below:

- GDN provision of emergency service and the likelihood of increased call outs to address issues of “no gas”;
- Propensity of roll-out programme to increase the need for gas service alterations to relocate metering in order to enable the Home Area Network and In House Display units to operate effectively and to ensure that new metering is appropriately located;
- Consideration of how issues of “no access” will be addressed during the roll-out programme.

Please let me know if you would like any clarification of any aspect of this response. Note that our response can be regarded as non-confidential.

Yours sincerely,



Joanna Ferguson
Network Code Manager