

14th December 2015

Our ref: A15A Response 01

Mick Watson
Ofgem
9 Millbank
London
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By email only to: mick.watson@ofgem.gov.uk

Dear Mick

Re: Consultation on changes to Standard Special Condition A15 (Agency) of the Gas Transporters Licence

Brookfield Utilities UK (“BUUK”) welcomes the opportunity to respond to the consultation on the changes to the Standard Special Condition A15 (Agency) of the Gas Transporters Licence. We apologise for the late response to the above consultation. BUUK is the parent company of the gas distribution licensees of GTC Pipelines Limited (“GPL”), Independent Pipelines Limited (“IPL”) and Quadrant Pipelines Limited (“QPL”), all Independent Gas Transporters (“IGTs”) which operate networks across mainland Great Britain.

BUUK through the Association of Independent Gas Transporters (“AIGT”) has provided input on many of the Funding, Governance and Ownership (“FGO”) work streams as well as on the project overview board. Whilst BUUK is supportive of the initiative and is pleased to see progress being made in delivering Ofgem’s requirements, there remain a number of hurdles which need to be overcome if delivery of “phase 1” of the requirements is to be achieved for April 2016. BUUK will continue to support such work in order that the programme can be delivered as efficiently as possible and that IGTs can partake in FGO arrangements (once Agency services are established for IGTs).

In summary BUUK:

- Supports the implementation of an A15A licence condition; but,
- makes a number of observations specific to the proposed licence drafting; and
- asks a number of general questions around the proposed licence drafting and FGO.

Our full response can be found in Appendix 1.

Should you wish to discuss any of the comments raised in this response, we would be happy to discuss these further.

Yours sincerely

Mike Harding
Head of Regulation

Appendix 1 Comments on Proposed Licence Drafting

Part A	Comment
<i>Paragraph 7(a)</i>	Paragraph 7(a) describes non-RGT users as being users of the CDSP services other than the relevant gas transporters. With relevant gas transporters being defined as those gas transporters which own shares in the agent that appoints the CDSP. Therefore we presume that both shippers and IGTs are defined as non-RGT users
<i>Paragraph 7(b)</i>	<p>We note that Paragraph 7b gives “<i>Non-RGT users the opportunity to participate...</i>”. We note that:</p> <ul style="list-style-type: none"> • This is an opportunity - and not a mandate - to participate, • During phase 1, project Nexus implementation period, IGTs will become a user of Xoserve for what are currently termed “agency” services (as required under SLC11). • IGTs are developing an “iASA” based on the GDN ASA for the services that Xoserve will be performing on behalf of IGTs as the IGT agent from Project NEXUS go live <i>until</i> the FGO phase 2 implementation date. • It is expected that IGTs will enter into the CDSP services agreement to take effect from phase 2 implementation date and at this point the iASA will terminate. <p>The above approach was acknowledged by the FGO POB and we seek confirmation that proposed licence drafting recognises these arrangements and does not compromise the delivery of the iASA required between IGTs and Xoserve.</p>
<i>Paragraph 8(a)</i>	<p>The drafting places obligations on the licensee and “...<i>other users of CDSP services (to the extent such other users are bound by the UNC) to...</i>” to comply with sub paragraphs 8(a) (i) to (iv).</p> <p>We would like to clarify that IGTs will be bound to the UNC under UNC modification 0440 which will take effect from the project NEXUS Implementation date. Currently Project NEXUS is expected to be implemented ahead of 1st April 2017.</p>
Part B	Comment
<i>Paragraph 12</i>	Under the opening text of paragraph 12, the text does not appear to read particularly fluently. Though the intent of the paragraph can be understood, it is an extremely challenging set of text to breakdown and we feel this could be drafted in a simpler way.
Part C	Comment
<i>Paragraph 20</i>	<p>We note that paragraph 20 requires that the charging methodology will facilitate the objective of economic, efficient and transparent charging for the provision of CDSP services. Additionally we think that there should be an objective that the charges for CDSP services are:</p> <ul style="list-style-type: none"> • Cost reflective • Charged on a non-discriminatory basis i.e. no undue cross subsidy (including CDSP bi-lateral services) • Only levied in respect of services provided. <p>As a consequence of our engagement and development of FGO arrangements we are concerned that charges will not be broken down</p>

	in sufficient detail to be reflective of services provided to different CDSP users.
<i>Paragraph 21</i>	Paragraph 21(b) of the proposed licence condition, as currently drafted, requires transporters to include views of Shippers in the report to the Authority where changes are proposed to be made to the CDSP charging methodology or CDSP charging statement. This would explicitly exclude the views of IGTs being included and we would not support this in the final licence drafting. As such we would request that this is amended to also make reference to IGTs as well as Shipper parties as we feel IGT views should also be considered by Ofgem due to the different price control arrangements for IGTs.
<i>Paragraph 22</i>	Paragraph 22(b) requires the consultation to include “interested parties”. We would suggest parties consulted are in line with those set out under paragraph 21(b) as per our comment above.
<i>Other</i>	There are two references to “CDSP provider” under the Part B heading and paragraph 12 which effectively reads as “Central Data Services Provider provider”. We would recommend removing the second reference to provider to avoid duplication.