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Dear Rachel,

Thank you for the opportunity to respond to Ofgem's consultation on the 'Switching Programme: proposed modifications to regulation and governance'. This response is provided on behalf of National Grid Gas ('NGG'). NGG owns and operates the gas National Transmission System and in association with the gas Distribution Network Operators, also jointly provides for the administration of the Uniform Network Code (UNC) Governance arrangements through the Joint Office of Gas Transporters (JO).

NGG is also a shareholder in Xoserve which is currently the Central Data Services Provider ('CDSP') for the competitive gas market in GB. NGG procures CDSP Services from Xoserve via the Data Services Contract ('DSC'). We own the primary energy balancing and gas allocation system in GB (known as 'Gemini') which is operated by Xoserve on our behalf.

As the scope of Ofgem's Switching Programme explicitly excludes Supply Points connected directly to the National Transmission System, the impacts of the switching for us are principally limited to the consequential changes which are likely to be necessary to the Gemini system, regardless of who is appointed as the CSS provider. Given this, we have no view to offer in respect of the questions asked in the consultation except where specified below.

Gas Transporters Licence Condition 14

Ofgem proposes to modify this Condition of the Licence to supplement existing obligations (relating to the Supply Point Administration Agreement - SPAA) with additional obligations relating to the new Retail Energy Code (REC). The new REC will govern the supplier switching arrangements for those gas and electricity consumers in scope. NGG is subject to this Standard Licence Condition in its Gas Transporters Licence and would therefore have a new obligation to become party to the REC and comply with provisions in it which are relevant to NGG.

Following discussions with Ofgem, we understand that it was not Ofgem's intention to capture NGG in the revised Condition 14 obligation and we concur with Ofgem's view that it would not appear necessary nor appropriate for NGG to become party to the REC when switching arrangements for the Supply Points on our Network are not governed by this Code. It is worthy of note that given the retail market focus of the REC, Ofgem is not seeking to oblige the electricity transmission licensee/s to become a party to the REC and therefore not obliging the gas transmission system licensee to become a party would be entirely consistent with this approach.

We understand that Ofgem intends to switch off Condition 14 for NGG and agree that this the appropriate course of action. Consequently, we would also advocate revision of the definition of *Gas Transporter* in the Interpretation section of the REC to limit application to gas Distribution Network Operators and independent Gas Transporters akin to how the definition of Distribution Network Operator is limited to Electricity Distribution Licence holders. For example, this could be achieved by adding '*...except National Grid*' or '*...in respect of Gas Distribution Networks and independent Gas Transporter Networks*' (or the appropriate term) at the end of the existing definition.

Consultation Q2.1: Do you support our proposal to introduce a high level duty upon licensees to cooperate, where appropriate, in delivering the outcome of a significant Ofgem-led programme, such as a SCR?

NGG has no concerns with the proposed additional duty in Standard Special Condition A11 to co-operate in order to implement the Significant Code Review outcomes as NGG already provides its co-operation in respect of changes of this nature (i.e. key industry deliverables) subject to clarity regarding funding arrangements.

If you have any further questions in respect of this response, please contact Phil Lucas by telephone on 01926 653546 or by email to phil.lucas@nationalgrid.com.

Yours sincerely,

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(sent by email)