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Dear Rachel,

Thank you for the opportunity to respond to Ofgem's consultation on the '*Switching Programme: Regulation and Governance - way forward and statutory consultation on licence modifications*'. This response is provided on behalf of National Grid Gas plc ('NGG'). NGG owns and operates the gas National Transmission System (NTS) 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 gas Supply Points connected directly to the NTS, the impacts of the switching programme for NGG are principally limited to the consequential changes which are necessary to the Gemini system. Given this, we offer no view to offer in respect of a number of the specific questions asked in the consultation. The annex to this response, however, contains our responses to those questions where NGG does have a view.

We trust these responses will prove of value. Should you wish to discuss, or 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](mailto:phil.lucas@nationalgrid.com).

Yours sincerely,

Chris Logue  
Gas Market Change Delivery Manager

## Annex

Question 1.8: Do you agree that the inclusion of the principles outlined (as included in the draft change management schedule) should address some or all of the problems associated with existing code governance?

NGG welcomes statements of what Ofgem regards as 'best in class' code governance arrangements and notes that paragraph 1.49 of the consultation advocates providing the REC manager with the ability to 'dismiss' any change proposals that it "does not consider to be valid" or "have no reasonable prospect of success".

We recognise the benefits of enhancing the efficiency of the code governance processes (for example to enable a Code Manager to dismiss a proposal that is not materially different to another 'live' proposal as per section 4.5(b) of the proposed REC Change Management Schedule) however, we believe that use of these powers needs to be subject to an appropriate check and balance, for instance, inclusion of a right of appeal to the Authority.

Further, explicit guidelines and rules may be required to define how such conclusions are reached by the REC Manager and, if adopted more widely for other industry codes, the relevant Code Manager. For instance, in the example specified above, how is the level of materiality of the difference (between two proposals) assessed given that this is the key factor governing whether the REC Manager is able to dismiss the latter proposal. The absence of any guidelines or rules arguably leaves the Code Manager open to challenge in respect of the decision it has made. In this respect, for the REC the proposed wording in section 4.5 of the Change Management Schedule is arguably insufficient.

NGG supports the suggestion (in paragraph 1.52 of the consultation) that Subject Matter Experts (SMEs) are contracted to the RECCo (or relevant Code Manager). This view is expressed given the experience of the 'SME' role in the gas Uniform Network Code (UNC) governance process during 2005/6.

In this case, SMEs were employees of Gas Transporters and one of the observations expressed by appointed SMEs was that "they have not felt in a position to provide a comprehensive expert input, as part of the preparation of Modification Reports, due to the potential conflicts which may arise between their response and their company's position, and/or concerns regarding the implications which might arise from subsequent challenges by the [UNC] Modification Panel and any associated consequences"<sup>1</sup>. The UNC SME role was removed as a consequence of the implementation of UNC Modification 0084.

Question 2.1: Do you agree with our proposed choreography of the Retail Code Consolidation SCR, Switching Programme SCR and associated licence changes, including our proposals that the Switching Programme changes will be introduced as 'dormant' before being made 'active' following Authority direction?

NGG supports the logic of retaining a level of flexibility as to when new obligations are enacted in line with programme 'go live', subject to sufficient notice being provided to all stakeholders of the commencement of the new regime to enable an orderly and sustainable transition.

Question 2.2: Do you agree with the approach we have described for managing the delivery of the Switching Programme SCR and the Retail Code Consolidation SCR?

Yes. NGG's primary concern will be the Switching Programme SCR to ensure that there are no adverse or unintended impacts on the prevailing switching arrangements for NTS ("non-CSS") Supply Points which are out of scope of the new switching arrangements.

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<sup>1</sup> See para 5 of the NGG NTS representation for UNC Modification 0084 "Removal of the SME Role from the UNC Modification Rules" at [link](#).

Question 2.3: Do you have any views on the draft consequential changes to industry codes and work plans described in Appendix 5 that would help deliver the Switching Programme and Retail Code Consolidation SCRs?

NGG's understanding is that the basis on which the changes to the UNC have been drafted is to categorise gas Supply Points as "non-CSS" and "CSS" points with the switching rules for the former remaining within the UNC (under prevailing arrangements) and the latter subject to the new faster switching arrangements. This is consistent with the principle that non-CSS points (NTS Supply Points) are not within scope of the new switching arrangements.

Question 3.14: Do you agree that obligations should be placed on networks and suppliers to ensure that RECCo procures gas and electricity enquiry services and that obligations in the Gas Transporter and Distribution Licences can be removed?

Whilst this appears logical to support a 'retail energy enquiry service', NGG is also currently subject to Standard Special Condition A31 of the Gas Transporter Licence which requires us to make available a gas Supply Point Information Service. In NGG's case, this encompasses the small number of very large industrial consumers connected directly to our Network. Compliance with this condition is currently delivered via our existing Data Services Contract (DSC) arrangements with Xoserve whereby the relevant information is made available via its Data Enquiry Service (DES).

NGG is *not* required to be a signatory to the REC (as per the direction issued by Ofgem on 1<sup>st</sup> February 2019<sup>2</sup>) on the basis that Supply Points connected to the NTS are not within scope of the new faster switching arrangements. Removal of Standard Special Condition A31 for NGG would therefore result in there being no *obligation* for NGG to make this information available. Nevertheless, this information will continue to be made available via DES.

An alternative approach to maintain the obligation for National Grid (only) would be to create provision in A31 for it to cease to have effect for one or more licensees as specified by the Authority with such a direction being made in respect of Distribution Network Operators.

Question 4.1: Do you agree that Ofgem should lead an end-to-end process to develop the code modifications to deliver retail code consolidation?

NGG believes that within the existing code governance framework this approach appears appropriate given the scale of changes required to the regulatory and commercial regimes (we note that the ongoing Energy Codes Review is considering the effectiveness of existing codes governance arrangements and potential changes to them). The alternative approach of individual code parties progressing changes to their respective codes could prove to be complex and present challenges such as those recently experienced in the tabling of change to the gas transmission charging regime with multiple alternative proposed approaches having to be assessed concurrently by the industry<sup>3</sup>.

Question 5.4: Do you think that we should remove licence obligations on GTs described in SLC 31 and DNOs in SLC 18 to provide one or more of the following services:

- Enquiry services;
- Maintenance of a register of data associated with a metering point/supply point; and
- Customer enquiry service?

See answer to Question 3.14.

<sup>2</sup> See [www.ofgem.gov.uk/system/files/docs/2019/02/190201\\_ntsdirection2.pdf](http://www.ofgem.gov.uk/system/files/docs/2019/02/190201_ntsdirection2.pdf)

<sup>3</sup> See UNC Modification Proposals [0621](#) and [0678](#).