

Kyran,

Thank for publishing the above consultation paper for consideration by interested parties.

British Gas Connections (BGCL) would make the following comments in relation to the NGTs proposals for a potential disposal of LDZs. Please note that we have restricted our comments at this stage to the potential impact of NGT LDZ disposal on the markets in which the eleven or so independent gas transporters (IGTs) operate.

As you may be aware IGTs convey gas to currently around 0.5 million domestic premises located across approximately 25k development areas throughout Great Britain. Most IGT operators tend to focus their operations and business growth on the new connections markets and are currently connecting around 110k houses per annum to gas mains. IGTs own and operate these networks and recover costs mainly from shippers who convey gas on such networks. Generally IGTs networks are connected directly to NGT's network.

BGCL acknowledge the fundamental nature of the changes envisaged by the disposal of LDZs and the complexity of the substantive restructuring the industry and regulatory infrastructure to facilitate such change.

BGCL is however concerned that connected systems and the services provided by NGT to IGTs (and any resultant impact on consumers connected to IGTs networks) are not overlooked at this early stage. BGCL would therefore propose that that Ofgem considers establishing a workstream, alongside the other workstreams envisaged by the consultation document, to specifically consider the impact of LDZ disposal on the safe, efficient and cost effective operation of connected systems, including in particular the following key areas:

- IGTs are currently dependent on standard arrangements in place with NGT for the provision of an effective connection service in order to connect and operate connected systems.
- IGTs are wholly reliant on standard arrangements with NGT for the provision of an effective, safe and cost efficient emergency service. IGTs will therefore be concerned that NGT's current proposal includes the transfer of all 1st line staff including presumably emergency teams that currently provide emergency services to NGT and IGTs.
- IGTs have standard NeXA arrangements in place with NGT for the safe and effective operation of connected systems.
- Ofgem's current IGT charging proposals intend to use the level NGT's ongoing and long term transportation charges as the benchmark to set the maximum level of IGTs transportation charges.

Please do not hesitate to contact me should you wish to discuss any points raised.

regards

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