



SSE Pipelines Ltd, Shippers and other parties.

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31 March 2006

Dear Colleague,

Modification Proposal SSEP015: 'Inclusion of incident communications governance within Network Code'.

Ofgem¹ has considered the issues raised by this modification proposal and has decided to direct SSE Pipelines Ltd (SSEP) to implement the proposal as we believe that it will better facilitate the relevant objectives of SSEP's Network Code as defined in standard condition 9 of its GT Licence.

Background

Gas Transporters have certain obligations under regulations such as the Gas Safety (Management) Regulations 1996 (GS(M)R) and the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995 (RIDDOR), relating to reporting of emergency incidents covered by those regulations. However, detailed operational procedures on how such incidents will be communicated to shippers are not prescribed in these regulations and have hitherto been contained largely in non-binding procedural documentation.

On 20 November 2003 Ofgem approved modification 649² to National Grid Gas³ Network Code, which has since been replaced by the Uniform Network Code (UNC). The effect of this modification, which was implemented with effect 1 October 2005, was to reference and give contractual effect to certain provisions within external documentation produced in line with the above regulations. This documentation was subsequently published as the *'Schedule for Shipper Communications in Incidents of CO Poisoning, Gas Fire/Explosions and Local Gas Supply Emergency'*⁴.

¹ Ofgem is the Office of the Gas and Electricity Markets Authority. The terms 'Ofgem' and the 'Authority' are used interchangeably in this letter

² Modification proposal 649: 'Referencing incident notification within Network Code.'

³ Formerly Transco

⁴ Available at: www.gasgovernance.com/docs/COandFireExplosioncomms.doc

The Modification Proposal

This proposal seeks to introduce specific obligations onto SSEP in its Network Code, similar to those introduced into the Uniform Network Code. It is proposed that where the GT becomes aware of a loss of supply incident upon its Network which affects more than 50 premises, it will inform Users, provide ongoing updates where the incident is prolonged and provide a final notice once this incident has been rectified, all within specified timescales.

Respondents' Views

SSEP received four responses to its consultation on this proposal, all of which were in support of its implementation. Respondents generally felt that the implementation of this proposal would provide greater clarity, assisting Users with their planning for loss of supply incidents and their ability to manage communications with consumers.

One respondent commented on extending the scope to include communication of CO poisoning where the incident involves fewer than 50 properties. However, this was considered to be beyond the scope of the modification proposal.

SSEP's Views

SSEP states that it supports the modification proposal to formalise communications relating to gas loss incidents, will provide greater certainty to shippers and thereby secures effective competition between relevant shippers and between relevant suppliers. In addition, SSEP considers that this proposal will further align the procedures in the SSEP Network Code with those contained in the Uniform Network Code. However, SSEP did not support the requirement to provide such a notification outside of the working day.

Ofgem's Views

Ofgem understands that the intent of the proposal is essentially to codify the communications that a shipper would reasonably expect a GT to make in the event of a loss of supply incident. It is anticipated that this will increase certainty, allowing shippers and suppliers to plan with greater confidence and otherwise manage their customer relationships more effectively. We consider that communications in the event of a loss of supply incident should be provided as soon as it is reasonably practicable. It is important to note that the communications outlined within the modification proposal are not an emergency response; these will continue to be provided through the National Gas Emergency Service⁵.

Ofgem notes the concern raised by one respondent regarding the arrangements in the event of an incident affecting fewer than 50 premises. Given that a Network Code User has raised such concerns, it seems apparent that there is currently a lack of clarity over the procedures to be followed during such incidents. However, as noted above, this is outside of the scope of this particular proposal, though it is open to any Network Code party to suggest further modifications which may remedy this situation if considered appropriate.

⁵ In accordance with GS(M)R.

With respect to carbon monoxide poisoning, the RIDDOR cover CO incidents involving death or major injuries. The GS(M)R requires that where an incident is notifiable under the RIDDOR, the Network Operator will inform the relevant gas supplier as soon as reasonably practicable. Again, if any Network Code party considers that further clarity is required on these points, or arrangements are required for incidents which may not fall within the scope of the existing regulations, they are able to propose further modifications to the Network Code, or perhaps more appropriately the '*Shipper Incident Communication Procedure*' document.

In addition, we consider that matters of implementation, including the production of the '*Shipper Incident Communication Procedure*' document referred to in the legal text, are largely for SSEP to resolve. Whilst SSEP is obligated by Standard Condition 9 of its GT licence to comply with any direction given by the Authority to make a modification to its Network Code, this need not be with immediate effect and can reasonably allow for an appropriate period within which to resolve any implementation issues.

Ofgem's decision

Having considered the issues raised by this modification proposal Ofgem has decided to direct SSEP to implement modification proposal 015, as it will contribute to the efficient and economic operation of the pipe-line system and to the fulfilment of the relevant code objectives, particularly c) *the securing of effective competition between relevant shippers and between relevant suppliers.*

If you have any further queries regarding this decision letter please feel free to contact Ofgem at: modifications@ofgem.gov.uk.

Yours sincerely

A handwritten signature in black ink, appearing to read 'A. N. Simpson', written over a horizontal line.

Nick Simpson
Director, Industry Codes and Licensing