

## 1.0 Introduction

In January 2007 National Grid issued a public consultation paper on its proposals to further develop competition in connections services.

A number of initiatives were proposed which included modifications to the requirements on third parties requesting connections to National Grid's gas distribution network. These proposals reflected feedback received from UIP/IGT customers on the existing processes and followed a review of the market and the expected future growth in competitive connections, service disconnections and service alterations to the National Grid gas distribution network.

## 2.0 Consultation Proposals.

The key objective of the consultation paper was to seek customer's views on National Grid's proposals, as detailed in the table below. The closing date for responses was 1 March 2007.

Proposal	Outcome
<p><b>Consultation Paper - Section 3.1</b> Removal of pre-connection design authorisation requirement for the majority of connections requests submitted by GIRS registered organisations. Reduction in the scope of assessment applicable to design submissions by GIRS registered organisations for new mains and services.</p>	<ul style="list-style-type: none"> <li>• Avoidance of the five day authorisation period for GIRS registered organisations, where applicable.</li> <li>• Less onerous design submissions for GIRS registered organisations, where applicable</li> </ul>
<p><b>Consultation Paper - Section 3.2</b> Introduction of a Rejected Design re-submission fee of £20 for submissions within the scope of the proposals in Section 3.1.</p>	<ul style="list-style-type: none"> <li>• Quality of design submitted being assured and National Grid recovers reasonable costs from connection customers.</li> </ul>
<p><b>Consultation Paper - Section 3.3</b> Completion File – Contract and process revisions. Extension of submission time from D+5 to D+15 from substantial completion and the introduction of a £80 charge for submissions outside this timescale. Introduction of a £20 charge for resubmission of rejected Completion Files</p>	<ul style="list-style-type: none"> <li>• More time available for UIP/Gets to ensure the accuracy of the submitted records.</li> <li>• National Grid recovers 'reasonable' costs.</li> <li>• Compliance is encouraged, helping National Grid to meet its safety objectives and reducing the likelihood of agreements being suspended or terminated.</li> <li>• Escalation clause for disputes.</li> </ul>
<p><b>Consultation Paper - Section 3.4</b> Mains Diversions – Exchange of information with Developers / Consumer</p>	<ul style="list-style-type: none"> <li>• Improved awareness of works affecting new connections and appropriate connection location</li> </ul>
<p><b>Consultation Paper - Section 3.5</b> IP Connections  IP Reinforcement</p>	<ul style="list-style-type: none"> <li>• Provision of a budget indication rather than a quotation for connection. Cost confirmed on acceptance.</li> <li>• To be covered by the Sufficient Complexity criteria and subject to a feasibility study.</li> </ul>
<p><b>Consultation Paper - Section 3.6</b> Website Development</p>	<ul style="list-style-type: none"> <li>• Improved information for customers and new entrants to third party connections.</li> </ul>
<p><b>Consultation Paper - Section 3.7</b> Electronic Submissions</p>	<ul style="list-style-type: none"> <li>• Electronic submission of key documents within the process.</li> </ul>

In total National Grid received responses from 9 organisations, with 3 from IGT's, 5 from UIPs and a further response from SBGI on behalf of their members.

National Grid would like to thank respondents for contributing to this consultation process and the valuable comments submitted. Detailed below is a summary of the comments received against each proposal together with National Grid's proposed next steps, based on these comments.

## **2.1 Removal of Design Authorisation for signatories to the UIP/IGT Connection, Service Disconnection and Service Alteration Agreement – Consultation Section 3.1**

Views of respondents:

Respondents were supportive of GIRS 'design' accredited UIPs being allowed to undertake certain categories of connections without prior design approval. Respondents recognised that this initiative would deliver significant benefits by reducing connection timescales, a benefit that could be passed on to their clients. It was noted by one IGT that they and all IGTs should be undertaking on site audits of their 'agent' GIRS accredited UIPs and ensuring any findings/deficiencies are passed back to Lloyds Register.

Way Forward:

National Grid intends to implement the simplified design authorisation process, as defined in the consultation proposal document, and will offer this to eligible customers from 15 October 2007.

UIP/IGTs will be required to demonstrate that their current design submissions meet these requirements before being eligible to use this facility. A review is underway to monitor individual design performance of UIP/IGTs against the requirements of the design submission requirements checklist (FM139) and published design criteria (T/SP/NP/14/E). Customers eligible to follow the new facility will be contacted in writing.

It will also be necessary for the existing contract terms to be revised to reflect the changes to design approval. UIP/IGT customers will be contacted individually and invited to sign up to the revised terms.

## **2.2 Introduction of a charge for Design Re-submissions – Consultation Section 3.2**

Views of respondents:

Views from respondents for this initiative were mixed with some UIP/IGT customers recognising that organisations deemed competent under the design scope of GIRS should be expected to produce designs that meet 'fit for purpose' criteria, the requirements of FM139 and T/SP/NP/14/E. A number of respondents understood National Grid's concerns whilst a number of IGTs were unaware of the level of design rejects National Grid currently encounters. It was also commented that a pragmatic soft-landing approach should be taken prior to applying the re-submission charges.

Overall half of the respondents did not agree with imposing the £20 re-submission charge, suggesting that National Grid examine root causes for incorrect design submission, possibly producing a 'common error report', before any penalty be introduced. Also concerns were raised regarding all parties incurring unnecessary charges for minor issues with submissions as these should be considered as part of the normal day to day exchanges between a UIP and the adopting IGT.

Way Forward:

In view of the comments received from respondents National Grid proposes to defer implementing the £20 design re-submission charge and, with the support of its UIP/IGT customers, focus on addressing the underlying problems around the design submission process and reduce rejections by helping customers to get it 'right first time'.

As detailed in the consultation paper National Grid has been monitoring UIP/IGT design submissions received during 2007, currently over 30% are rejected, and intends to publish a 'common error' guide to provide additional clarity to requirements. In addition to this National Grid will continue to meet its obligations under the Gas Industry Registration Scheme and will pass its finding on to Lloyds Register as appropriate.

### **2.3 Revised Completion File Requirements – Consultation Section 3.3**

Views of respondents:

Most respondents were in favor of an extension to the contractual requirement for the submission of project completion files from D+5 to D+15. It was suggested that National Grid consider introducing electronic acknowledgements for all post acceptance submissions to assist UIP/IGT's in managing their obligations and providing assurances that submissions had been received.

Views from respondents were mixed on proposals to introduce charges for late or rejected project completion files, with some UIP/IGT respondents challenging the proposed costs, preferring instead to work together to eliminate any dissatisfaction. Others commented that paying for late submissions and being charged for a re submission should drive the correct behaviors, whilst it was suggested by one IGT that National Grid should more frequently enforce the contractual sanction to suspend future connections.

Comments also challenged that a charge for non compliance could only be justified where there was a serious breach, rather than an isolated omission or error, and that penalty charges should reflect the actual loss National Grid suffers as a direct result.

Way Forward:

National Grid has considered all the feedback received on this proposal and as a result it is proposed that the introduction of changes to the existing contractual requirements be deferred.

The current requirement to submit completion file paperwork within D+5 of substantial completion will remain in place and no penalty charges for late or rejected submissions will be introduced.

Where UIP/IGT customers, or their agent, fail to comply with the requirement to submit a project completion file within D+5 of substantial completion National Grid will enforce its contractual right and suspend future connection authorisations for their contractual customer until the outstanding files have been submitted and validated.

In response to feedback National Grid are considering implementing an electronic acknowledgement of receipt facility for electronic submissions. This work is currently at feasibility stage, any proposed changes to current requirements will be communicated to customers in advance.

## **2.4 Mains Diversions – Consultation Section 3.4**

Views of Respondents:

Most respondents supported this proposal as a sensible approach to addressing the potential effect of diversionary works at the point of proposed connections and that more communication with developers of the effects on mains connections can only improve this. However, one UIP challenged that developers generally want a single point of contact for the provision of a gas supply to their development.

Way Forward:

National Grid proposes to implement this approach in October 2007 and confirmation that diversionary works have been considered will be added to the existing correspondence forms and internal procedures. Details of this will be communicated to customers in advance.

## **2.5 IP Connections/Reinforcements Design Charges – Consultation Section 3.5**

Views of Respondents:

Most respondents did not support these proposals suggesting that IP connections are not very voluminous and, whilst some have a degree of complexity, many are relatively straightforward and we see no justification to automatically provide a budget cost only at quotation stage for all IP connections as this would impact on providing firm quotations and timescales to their clients in these circumstances.

It was commented that moving all IP reinforcement into the Sufficient Complexity scope would be too wide ranging and suggest that some works are still simple to quote within this category whilst accepting some may be more difficult.

Way Forward:

National Grid has been using the Sufficient Complexity criteria for 7 years and this process has enabled low volume jobs with specific technical requirements to be assessed and an economic solution provided. Moving IP connections to these criteria enhances the process

and ensures that an efficient solution is offered to the customer. The Sufficient Complexity process has been very successful in meeting our customer's requirements to an agreed process and we see this as an appropriate mechanism for IP connections. The same considerations apply to reinforcement and ensure an efficient design is selected.

For IP connections there are a number of organisations that are accredited under the Gas Industry Registration Scheme who have the capability of undertaking the connection to our networks and they can undertake this work on behalf of UIPs and IGTs. With over 80% of third party connections being undertaken by accredited organisations the implementation of this change on current workload will affect, on average, no more than 2 quotation requests per annum.

National Grid will implement this change and will publish the amended Sufficient Complexity criteria.

## **2.6 Website Development – Consultation Section 3.6**

Views of Respondents:

All respondents were fully supportive of the proposal to introduce a new format and structure to National Grids external website.

The introduction of electronically editable request forms, an 'on line' application process and a glossary of acronyms associated with the connections process, were highlighted as other possible improvements.

Way Forward:

National Grid has now implemented the new format external website. This site can be accessed at the following address <http://www.nationalgrid.com/uk/Gas/Connections/>.

The use of electronic forms and the introduction of a glossary of terms to the website will be considered as part of our ongoing process development. Any changes to the existing forms will be communicated to customers in advance.

## **3.0 Next Steps**

Any changes to existing documentation, impact on by the proposals, will be made over the next 2 months, with revised contract terms, where applicable, being issued to UIP/IGTs during early October 2007.

The implementation of all changes is scheduled for Monday 15 October 2007 and this will be communicated in advanced to customers in the form of a UIP/IGT briefing note.