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value for all customers*

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Dear Steve,

Implementation of iGT UNC Modifications 13VV, 14, 15VV and 16

I am writing with reference to your letter dated 24 June 2009 requesting the deferral of implementation of the above modifications to the independent Gas Transporters Uniform Network Code (iGT UNC).

Upon receipt of a direction from the Authority that these modifications be implemented it was initially advised that implementation would occur as part of the February 2009 release. However, in January 2009 a request was sent to Ofgem from the iGT UNC Panel asking for a deferral of the implementation of these modifications to November 2009, as it had become apparent that parties had differing interpretations of key components of the proposals. Although we expressed our disappointment in this delay and that these issues had not come to light during the development and consultation on the proposals, we agreed to the deferral.

Since then modification proposals 23 (Inspection Notification File Format) and 24VV (Inspection Notification File Numbering – Consecutive) were raised which dealt with the issues identified relating to implementation of 13VV, 14, 15VV and 16. These modification proposals were sent to Ofgem for decision with a request that a fast response be received as parties felt that they would need to know the decision for these proposals by the end of June in order to be able to set up their systems in time for a November 2009 release.

However, at the UNC panel meeting held on the 17 June 2009 the panel was informed by the gas shippers that even with a timely decision from Ofgem, it would not be possible to meet the November 2009 release date. We understand that whilst the iGTs believe they will be able to change their own systems in time for the scheduled November 2009 release, there is a concern that one or more shippers may not be able to process meter readings fully in line with the proposed new rules. We subsequently received your letter of 24 June 2009 asking for a further deferral to the February 2010 release.

We do not consider that it would be appropriate for us to grant a further deferral to the implementation of modifications 13VV, 14, 15VV and 16 (and presumably now also modifications 23 and 24VV) at this time.

Whilst we would be happy to reconsider the case of deferral, we would first like to understand more about the issues being faced and in particular which organisations consider they are not able to meet the scheduled release, which we note is still 4 months away and a full 16 months after the original direction to implement these modifications.

We would further like an explanation from the affected organisation(s) on what efforts have been made to implement the modifications so far, and why they are unable to meet the November 2009 release. We assume the problem is at least in part a scarcity of IT resource, in which case we would like to understand what is taking priority over the implementation of these modifications, and why it is not practicable to obtain any additional resource. This is obviously a matter for the individual organisation(s) to respond to and we would be happy for them to address their responses to us directly if they prefer.

We would also appreciate a view from the iGT UNC Panel on whether it would be feasible and desirable for those organisations which are ready, to proceed with the scheduled release of these modifications. We understand that in some instances this may require the use of bespoke workaround solutions until all shippers are ready, but would such arrangements negate the benefits that will be realised from the introduction of these modifications?

If you would like to discuss this further, please feel free to contact either me or my colleague Cathy Wheeler (catherine.wheeler@ofgem.gov.uk).

Yours sincerely

A handwritten signature in black ink, appearing to read 'Jon Dixon', written in a cursive style.

Jon Dixon
Head of Industry Codes and Licensing