



iGT UNC Representative,
Gemserv Ltd,
7th Floor Centurion House
24 Monument Street
London, EC3R 8AJ

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Your Ref:
Our Ref: iGT002
Direct Dial: 020 7901 7354
Email: industrycodes@ofgem.gov.uk

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Dear Steve

iGT Modification Proposal iGT002

Thank you for your letter of 29 June seeking our view on the above proposal under Section L21 of the iGT UNC.

Whilst it would normally be a matter for the iGT UNC Panel to determine whether a proposal is sufficiently developed to proceed to consultation, we understand that there was a split vote at the meeting of 20 June. The matter was therefore deferred under Section L15.5 d), though we understand that this position is unlikely to change at the next meeting of 18 July. Given that a Panel majority vote is required in order to make a determination under Section L15.5, the Panel recognised that the fall back position of sending the proposal straight to consultation may not be optimal in this case and has therefore requested our view.

At this stage we do not seek to comment on the merits or otherwise of the proposal itself, but have focused on whether we consider there is sufficient information available for respondents to a consultation and subsequently ourselves to come to an informed decision. In this respect we would note the following points, though these are not intended to be exhaustive:

- The rationale for the proposal appears to closely resemble that behind the introduction of the Single Centralised On-line Gas Enquiry Service (SCOGES) which was implemented under the Supply Point Administration Agreement (SPAA) last year following the Authority's direction of 30 June 2006. Although governed under the supplier-funded SPAA, the SCOGES service is currently funded by GTs and seems to capture many of the data items being requested as part of the proposed portfolio extract under iGT002. Although SCOGES is mentioned within the proposal along with confirmation that it is not the proposer's intent to replace existing arrangements, it is not currently clear whether or to what extent it would actually complement, replace or build upon that service. If it is the latter, the intent of this proposal may be better pursued through the SPAA as the SCOGES service is of itself currently out of scope of the iGT UNC. It may therefore be beneficial for there to be further consideration of these points and discussion with the SPAA executive committee;
- Much of the data being requested as part of the portfolio is currently available through alternative means. Following on from above, we understand that the intent of the proposal is for the portfolio extract to be an additional service, with all existing arrangement continuing to be made available to, and used by, shippers.

Whilst the proposal is predicated on better facilitating effective competition between gas suppliers and gas shippers, we are of the view that the other relevant objectives of the iGT UNC also need to be taken into account, in particular the efficient and economic operation of the pipeline. To the extent that this proposal will impose further costs upon the funding Parties, we consider that these costs should be fully justified and outweighed by the incremental benefits, part of which could be reduced costs elsewhere. We would be keen to avoid duplication wherever possible;

- Some of the data items within the proposed portfolio extract are described as being mandatory. Prior to making any decision on such new obligations, we would need to be certain that such information is reasonably available to the iGTs. We have also seen elsewhere the problems that can be caused when data fails another parties validation routines; we would like to see some clarity on whether this proposal needs such validation and default arrangements to be agreed;
- Whilst each proposal will be considered on its own merits, we are cognisant of iGT004 which seeks to mandate the use of UK link SPA file formats. It would be useful to understand to what extent these proposals are complementary to each other and more particularly, whether the proposed structure of the portfolio extract is consistent with the conventions in the UK Link.

Given the above, we are of the view that this proposal would benefit from further development. We recognise that this could be conducted through a Development group under Section L15.6, or by the proposer under Section L15.10. We consider this particular point to be for the iGT UNC Panel to determine, as we have no feel for the appetite of the proposer or other iGT UNC Parties to undertake this work, though we would generally favour a more inclusive approach.

I hope this is of help.

Yours sincerely



Jon Dixon
Head of Industry Codes, Markets