



Contractual Framework for End Users

Bord Gáis Networks Document for Consultation

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1. BACKGROUND

Bord Gáis Networks (BGN) is a separate business within Bord Gáis Éireann and is responsible for operating and maintaining the natural gas network for all gas users. BGN transports gas through the network to homes and businesses on behalf of all gas shippers and suppliers. BGN are also responsible for the safety of the network.

The purpose of this paper is to set out the issues and propose a framework for the various types of agreements covering all connections to the Bord Gáis Network and to explain the proposed contractual framework for the operation of such connections.

This document should also be read in conjunction with the Commission for Energy Regulation's ("the Commission") policy on connections, "Connections Policy Document" (CER06/032). A single policy now covers the connection of loads to the Bord Gáis network. This policy document considers the proposed commercial terms which are relevant for the connection of loads to any part of the network.

2. SUMMARY

The arrangement of agreements in the Gas Industry is proposed as follows,

- The Transporter has a direct relationship with the person requesting a connection in respect of the construction of a connection by way of an appropriate connection agreement (See Section 3). Such agreement will provide only for the construction of the connection and not its ongoing operation or any associated operational activities.
- The Transporter will have a direct contractual relationship with the Shippers/Suppliers in respect of the operation of a connection by way of the Code of Operations.
- The Shippers/Suppliers will have a direct contractual relationship with the End User in respect of the operation of a connection by way of a gas supply contract.

3. CONSTRUCTION PHASE OF CONNECTIONS

3.1 General

It is proposed that there will be differing categories of contracts for the construction of connections and these are as follows,

- Large Network Connection Agreement
- I/C Network Connection Agreement - (*other than Large Network Connection*)
- Domestic Network Connection Agreement

Each of these agreements is discussed in more detail below.

3.2 Large Network Connection Agreement

It is proposed that a “Large Connection” to the network will be covered by the Large Network Connection Agreement.

- A Large Connection is defined as those with loads with annual consumption greater than 260GWh and a connection pressure of 16 barg or above, or
- A Connection where the Net Financial Exposure is greater than €250k.
 - ⇒ Net Financial Exposure is defined as “the Total Cost of the Connection less the Contribution paid”.

The Large Network Connection Agreement will capture all of the commercial issues surrounding the connection including, among others, terms relating to the construction, payment, and financial security.

BG Networks will enter into a Large Network Connection Agreement with any party which fulfils the necessary financial criteria including Shippers / Suppliers, End Users, developers etc.

3.3 I/C Connections (other than Large Network Connections)

For all I&C (Industrial and Commercial) customers, other than those governed by the Large Network Connection Agreement, there will be an I&C Network Connection Agreement. This agreement will detail all of the relevant commercial terms relating to the connection and these will include terms relating to construction, payment and financial security.

I&C customers are treated in detail in the Commission’s document “Connections Policy Document” (CER06/032).

3.4 Domestic Connections

As with the I&C connections above, the Domestic Network Connections Agreement will detail terms relevant to the construction of the connection along with any other relevant commercial terms.

Again as above domestic customers are treated in detail in the Commission’s document “Connections Policy Document” (CER06/032).

3.5 Parties to Connection Agreements

The I&C Network Connection Agreement and the Domestic Network Connection Agreement will be made between BG Networks and the party requesting the connection who may be Shipper/Supplier, End User, developer etc. Any contractual obligations of BG Networks under such an agreement will be to its counterparty (i.e. the other party signing that agreement)

4. OPERATIONAL PHASE OF CONNECTIONS

4.1. General

As detailed above, the proposal is that there should be no direct contractual relationship between the Transporter and the End User (other than where an End User is a Shipper under the Code) in respect of the ongoing operation of a connection. However, any siteworks which have been requested directly by an End User will be governed by a direct agreement covering the related siteworks, between that End User and the Transporter.

Commissioning, maintenance, meter reads and disconnections are essential to the orderly provision of the supply service provided by a Shipper to an End User, therefore interaction with the End User in respect of the operation of a connection should be provided for in the Shipper/Supplier gas supply contract with the End User.

Bord Gáis Networks is proposing to develop direct contractual relationships with those very large end users whose consumption might affect the integrity of the Network.

4.2 Gas Supply Contract

Relevant provisions relating to operational issues such as access to premises and facilities should be incorporated into each Shipper's gas supply contract with its End Users.

BG Networks would recommend the inclusion of standard conditions in all supply contracts to address network issues relating to end users. These conditions would include rights of access for BG Networks to all meters (for reading, inspection, repair, exchange etc.), obligations on an End User to comply with BG Networks directions in cases of emergency, implications of End User interference with meters etc.

4.3 Customer Complaints Handling Procedure

All of the above does not however, preclude an End User from making direct contact with BG Networks. In accordance with licence requirements (Natural Gas Distribution Licence Condition 18(b) and Natural Gas Transmission Licence Condition 19(b)) BGN will formulate a Complaints Handling Procedure to be approved by the Commission. This procedure will form a direct interface between BG Networks and End Users and will be available for use by all users of the Bord Gáis Network.

5 DISCONNECTION

Disconnection may be necessary in the event of an unsafe situation arising on the supply to a particular End User. BG Networks will carry out such disconnection and will endeavour to reconnect as soon as possible when the safety issue arises on BG Networks side of the meter.

Where safety issues arise on the End User side of the meter, it is the End User's responsibility to correct such problems prior to the supply being restored.

When disconnections are required in situations other than safety related, it is the Shipper who will request such disconnection in most circumstances.

6 SAFETY

Bord Gáis Networks holds responsibility for the safe operation of the gas network and manages an emergency response service which is available to all end users and members of the public.

BG Networks also promote the safe utilisation of natural gas by End Users and regularly promote safety issues by way of TV, radio and the press. This safety promotional activity includes advertisements relating to the dangers of Carbon Monoxide poisoning and the actions to be taken by an End User in the event of a gas leak. Other areas of End User safety are also addressed as part of the safety promotion programme and supporting literature published. This End User safety promotion activity is overseen by the CER Gas Safety Committee.

In order to fulfil the requirement to communicate safety issues, BG Networks will continue to provide on an annual basis safety leaflets to Shippers/Suppliers in the domestic market for distribution to their customers as an insert in with the gas bill.