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Welcoming Address

An Introduction to the UK Gas Industry

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Introduction

- An Overview
- Regulation
- Network Code
- Experiences
- IGTs



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An Overview of the UK Gas Industry

An industry that continues to evolve after 30 years of change



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UK Gas – Recent History

1997

In February 1997 the shareholders of British Gas plc approved the demerger of Centrica plc. British Gas plc was renamed BG plc.

1999

In December 1999 BG plc completed a financial restructuring which resulted in the creation of a new parent company, BG Group plc.

2000

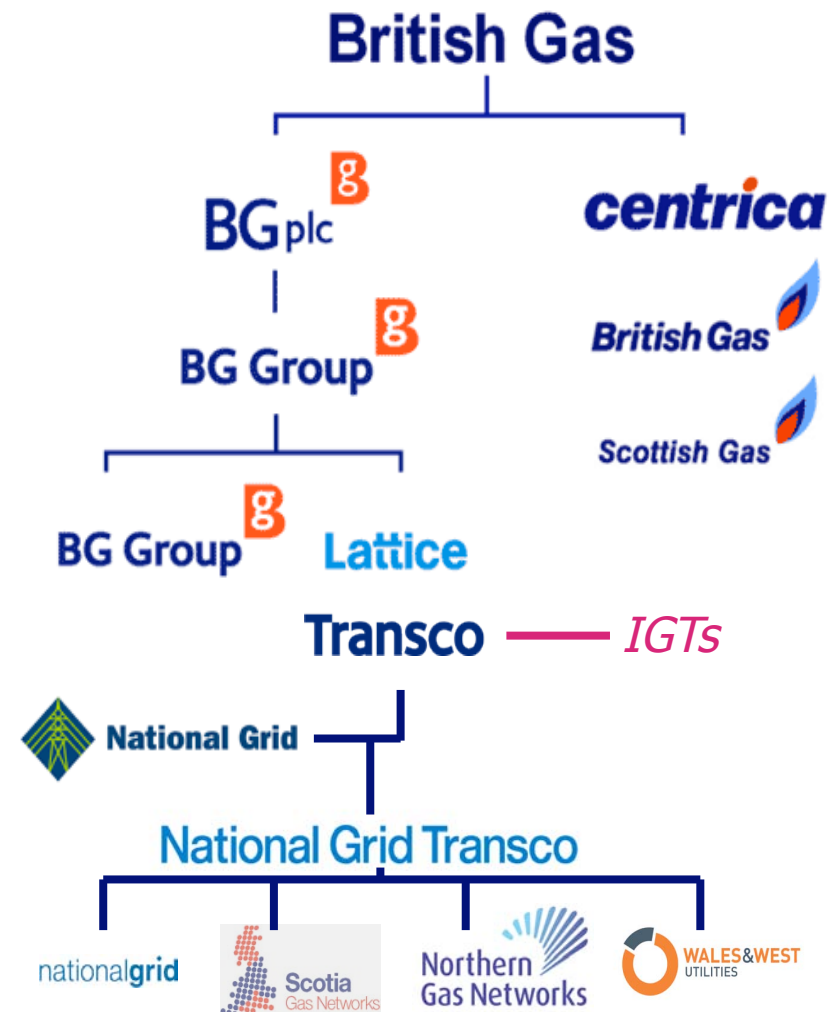
On 23rd October 2000 BG Group plc completed the demerger of Lattice Group plc creating two separate companies.

2002

On 21st October 2002 National Grid plc merged with Lattice Group plc to form National Grid Transco plc.

2005

NGT sold four networks to SGN, NGN and WWU. NGT became national grid.





Architecture of Regulation [UK]

Economic Regulation (Ofgem)

Key features include:

- **Incentive based regulation (RPI-X)**
- **5-yearly Price Control**
- **Licence Conditions**
- **Regulated Standards of Service**

Safety and Technical Regulation (Health and Safety Executive)

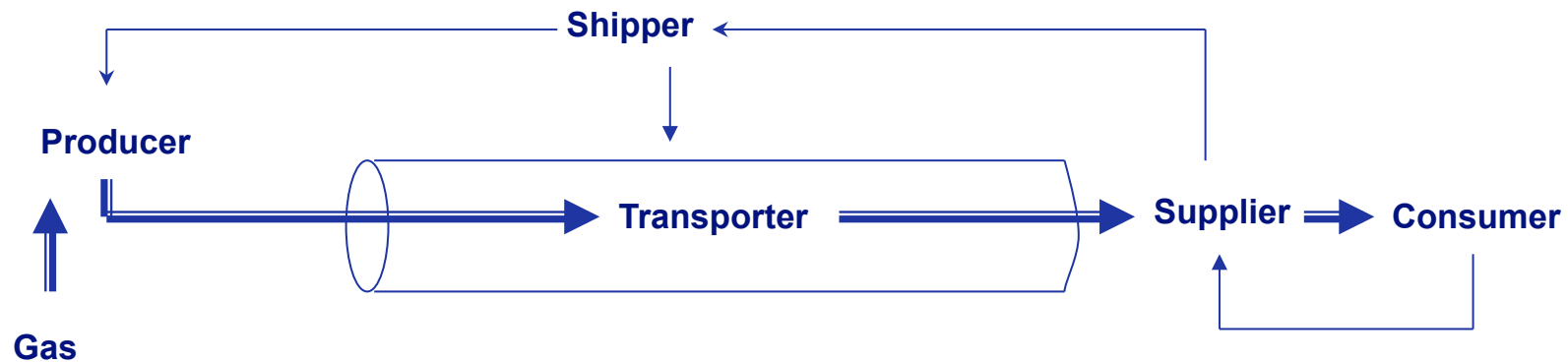
Key features include:

- **Safety Legislation and Regulations**
- **Safety Cases**
- **Technical Codes, Standards and IGEM Recommendations**



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Roles Created



 Direction of flow of gas
 Direction of flow of finances

Producer	Extracts the gas from underground reservoirs
Transporter	Transports the gas through the onshore pipeline network
Shipper	Buys gas from the producer and pays the transporter for conveying it through the pipeline and sells gas to the supplier
Supplier	Buys gas from the shipper and bills end consumers for their gas



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Network Code



- The Producers
- The Delivery Facility operators
- The Gas Transporters
- The Storage operators
- The Shippers
- The Suppliers
- The Regulator



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The  WALES&WEST UTILITIES Experience



- Meeting the Performance Challenge
- Safety Performance
- Decision Support Tools
- Replacement Alliance
- PAS55
- Rejuvenating the Industrial Workforce
- Sustainability
- Capital Build Programme



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The nationalgrid Experience

- National Grid is one of the world's largest utilities, focused on delivering energy safely, reliably, efficiently and responsibly
- Formed by the merger of Lattice (including Transco) and National Grid in 2002
- Transportation of gas and electricity in UK and US

	Gas Transmission	Gas Distribution	Electricity Transmission	Electricity Distribution
				
				



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The nationalgrid Experience

- National Grid operates the largest network of major accident hazard pipelines in the UK
- National Grid operates Gas, LNG Storage and Terminal Sites in the UK and US
- Process safety is critical to our business



The nationalgrid Experience

“Process Safety” is a collective name for the measures, systems, procedures or policies which prevent incidents and/or protect people/environment from effects of Major Accidents



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nationalgrid – Process Safety

- Challenge – to create an environment where the barriers to major accidents are strong
- By developing a culture:
 - ❖ Where people always follow the process
 - ❖ Process safety takes precedence over production
 - ❖ People are comfortable reporting faults and concerns
 - ❖ Monitor performance to ensure barriers are strong
 - ❖ Continuous review and improvement of the processes



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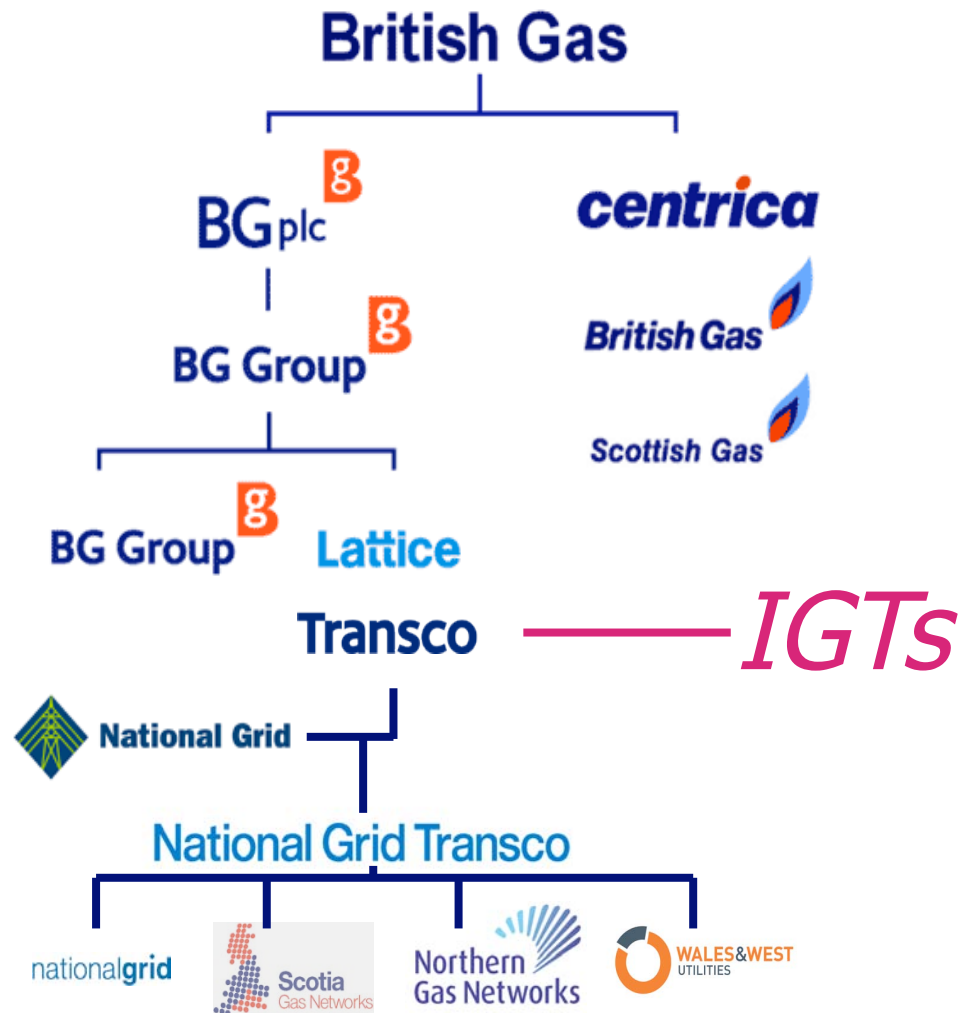
national**grid** – Process Safety Approach

- Leadership training
- Directors & senior managers attend workshops
- Purpose – to improve ‘process safety’ understanding within the business and gain commitment for the actions that will improve ‘process safety’ management to ensure the public and employees remain safe



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Summary - IGTs





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Thank You!

Questions?