

Index

- AccuRead, meter-reading service 4.37-4.38, 7.45, 13.77
- Activity-based costing 7.3-7.4, 7.99, 7.117, 11.30, 11.89
- Advanced reservation of capacity 12.138
- Adverse effects
- duties of Director General and MMC 3.17
 - findings of MMC 1.10, 2.35, 2.40, 2.52, 2.61, 2.86, 2.88, 2.100, 2.172-2.173, 2.179-2.180, 2.183-2.184
 - terms of reference 2.4
 - views of BG 2.42, 2.84
 - views of Director General 2.85
 - views of trade unions 12.161-12.163
- Agas Development Ltd 3.19
- Airports industry
- compared with gas industry 13.40
 - MMC inquiries 5.46
(*see also* Monopolies and Mergers Commission, report *BAA plc*)
 - price control formula 5.27, 5.46, 6.56
duration 5.46
- Alliance Gas Ltd, views 11.15-11.19
- Amerada Hess Gas Limited, views 11.20-11.33
- Amoco (UK) Exploration Company, views 11.34-11.38
- Anglesey Aluminium Metal Limited, views 12.61-12.62
- Arthur Andersen, consultants to Shippers' Group 11.1, 11.77, 11.89
- Asset lives 2.100, 9.9-9.10, 9.19, 10.35-10.37, 12.42
- Asset valuation-*see* Regulatory value
- The Association of British Insurers, views 12.169-12.173
- Association of Electricity Producers, views 12.136-12.143
- BAA report-*see* Monopolies and Mergers Commission, report *BAA plc*
- Balancing margins gas 4.33
- Beach gas supply
- effect on competition 4.43, 5.7, 5.10, 11.49, 11.68, 13.14
 - effect on demand forecasts 4.21, 4.32, 4.39, 8.16, 9.21, 10.68, App 8.3, App 9.4
- Beach swing-*see* Beach gas supply
- Billing process
- costs 5.26, 7.10-7.12, 7.56-7.59, App 7.2
 - definition 7.56
 - views of consumers 12.56
- Blue Circle Industries PLC, views 12.63
- Bolton, J K H, Mr, views 12.219
- The Boots Company PLC, views 12.64-12.66
- Bow Valley Energy Inc, sale by BG 6.4, 6.7
- BP Gas Marketing Limited, views 11.39
- British Aerospace PLC, views 12.67
- British Airports Authority (BAA)-*see* Airports industry; Monopolies and Mergers Commission (MMC), report *BAA plc*
- British Ceramic Confederation, views 12.90-12.93
- British Fuels Oils Limited, views 11.40
- British Gas Corporation 4.1
- British Gas Insurance Company Limited 7.75
(*see also* Insurance market)
- British Gas plc (BG)
- activities
 - by type
 - corporate services-*see* Corporate services
 - customer services-*see* Customers, service
 - E&P business-*see* Exploration and production
 - international downstream 6.4, 6.28-6.29
costs 7.85
 - marketing 6.10-6.11, 6.14
 - power generation 6.4, 6.14
 - property 2.163, 6.4-6.5, 6.14, 6.28, 10.55
 - purchasing-*see* Purchasing and procurement
 - research and technology-*see* Research and technology
 - storage-*see* Storage
 - telecommunications-*see* Telecommunications service
 - trading business 2.165, 3.6, 6.50
 - transportation-*see* Transportation business
- financing requirements
- duties of Secretary of State and Director General 2.100, 2.103, 3.11
 - policy of BG 6.7, 6.29
 - views of Director General 1.7, 6.48
 - views of MMC 2.30, 2.51, 2.90, 2.133-2.134, 2.175, 2.179, 2.182, 2.184
 - views of third parties 11.71
- business plans-*see* Capital expenditure, projections; Financial projections; Operating costs, projections
- by type, activities, supply-*see* Supply business
- financial results
- accounting policy 6.4, 6.10-6.11, 6.13-6.14, 6.54
 - cost allocation 5.25, 6.1, 6.30-6.32, 10.49, 11.30, 11.46, 11.60, 11.96, 12.120, App 1.1, App 8.7
 - views of Director General 6.80, 6.82
- borrowing 2.103, 6.7
(*see also* Financial ratios, gearing)
- cash flow 2.25, 3.32, 6.6, 9.15, 9.18, 9.24, 10.33, 13.84, App 9.1, App 9.4
- debt 6.7, App 6.2
- profits 2.6, 2.95, 6.1-6.3, 6.6, 7.84, App 6.1-App 6.2
- causes of decline 6.4-6.5, App 6.4
 - compared with overseas gas companies 12.241-12.244
 - effects of proposals by Director General 12.197, 13.15, 13.21
- projections-*see* Financial projections
- tax payments 6.6, 6.29
- flotation-*see* Flotation
- privatization 3.2, 4.2, 5.10, 6.36, 6.38, 13.45
- structure 6.4, 6.10-6.14, 6.24, 6.30, 7.19, 7.100, 11.88, 13.2, App 7.4

- cost of changes 6.26
- demerger-*see* Centrica
- ring-fencing 2.116, 11.5, 12.129, 13.54
- British Gas plc, structure-*contd*
 - separation agreement-*see* Transco
 - Transco plans-*see* Operating costs, projections
 - valuation-*see* Regulatory value
- British Gas Trade Unions National Forum, views 12.160-12.168
- British Gas Trading Limited
 - contract with BG 2.57
 - demerger 6.4, 13.38
 - licence 3.18
 - price control formula 2.41
 - provision of meter reading 2.47, 2.49, 2.52, 2.171, 4.37, 5.17, 7.45, 7.50, 11.94, 13.75-13.76, 13.92
 - provision of shrinkage gas 7.30
 - purchase of storage 2.36, 5.8
 - views 11.41-11.50
- British Steel plc, views 12.68
- Calorific value regime-*see* Prices, components
- Capital asset pricing model (CAPM) 2.98-2.99, 6.58, 6.59-6.60, 6.66, 6.69, 6.73, 12.96, 12.110, 12.170 (*see also* Rate of return)
- Capital investment
 - monitoring mechanism 2.14-2.15, 2.72-2.76, 2.102, 5.51-5.52, 10.84-10.86, 11.67, 12.143, 13.27-13.28
 - planning process 8.10, App 8.1
 - projections 1.8, 2.144-2.157, 2.182, 8.1-8.52, 9.19, 10.64-10.73, 13.79-13.94
 - underspend 1993 to 1996 6.25-6.26, 8.5-8.12, 10.10, 10.64, 11.31, 12.154, 12.181
- Capped flow weighted average regime 7.31 (*see also* Prices, components, calorific value of gas)
- The Carbon Monoxide and Gas Safety Society, views 12.230-12.232
- Centrica plc
 - demerger from BG 2.7, 6.1, 6.4, 6.27-6.29, 6.50, 6.67, 11.88
 - costs 6.5, 7.70, 7.80
 - effects on risk assessment 11.12
 - meter requirements 8.50
 - prepayment on working capital 9.15, 9.20
 - value 10.31
- Chemical Industries Association, views 12.94-12.97
- Churn rate 2.44, 7.47, 7.53, 7.82
- Co-Steel Sheerness plc, views 12.69
- Combined cycle gas turbine (CCGT) power stations 4.7, 12.24 (*see also* Power stations)
- Competition
 - assessor 5.25-5.26
 - by sector
 - connections-*see* System management
 - meters-*see* Meters
 - storage-*see* Storage business
 - domestic market
 - effects on capital expenditure 8.20, App 8.4
 - effects on market share App 8.4
 - effects on operating costs 2.101, 7.54, 10.62-10.63
 - industrial market 2.8, 3.3, 3.4, 6.30, 11.43
 - regulatory regime 2.5, 3.11-3.12, 3.14, 5.10, 11.66
 - timetable 2.97, 3.8, 4.2, 6.24, 12.56, 12.155, 12.240
- Competition-*contd*
 - unbundling
 - effects on price control formula 2.17, 2.19-2.27, 2.77-2.83, 9.17
 - effects on revenue 2.79-2.83, 5.35-5.36, 13.29
 - views of BG 5.10, 5.50, 13.3, 13.16, 13.21, 13.29-13.30
 - views of Director General 3.31, 4.49-4.52, 5.9, 10.70, 10.72, 10.78-10.83
 - views of MMC 2.23-2.25, 2.27, 2.100
 - views of third parties 11.48, 11.50, 11.57, 11.60, 11.68, 11.81, 11.94-11.95, 12.2, 12.39, 12.53, 12.103, 12.117, 12.140, 12.203
 - (*see also* Price control formula, components)
 - Competition Act 1980 2.31, 2.33-2.34
 - Compressors 2.155, 3.24, 3.29, 4.11, 5.17, 7.37, 8.6, 8.8, 8.17, 8.39, 11.73, App 8.2-App 8.3
 - Confederation of Business and Industry (CBI), survey of sickness absence (1994) 7.109 App 7.5
 - Connections-*see* System management
 - Conoco Europe Gas Limited, views 11.51-11.55
 - Consumers' Gas Company Ltd, sale by BG 6.4, 6.7
 - Coopers & Lybrand, review of operating costs-*see* Operating costs, projections
 - Corporate services
 - costs 7.11-7.13, 7.74-7.76, App 7.2
 - definition 7.73
 - Cost apportionment methodology 6.21
 - Cost of capital
 - by BG 2.15, 2.97, 6.52-6.53, 6.60, 6.63-6.65, 9.7, 9.15, 13.35-13.40
 - by Director General 2.14, 2.103, 2.122, 3.30, 6.60, 6.64, 6.66, 9.2, 10.15
 - compared with BG 2.98, 9.19
 - by MMC 1.4, 1.6, 2.96, 2.99-2.103, 2.106-2.108, 2.124, 2.181, 6.59, 6.61-6.62, 6.72
 - by shippers 2.98, 11.3, 11.12, 11.14, 11.17, 11.29, 11.32
 - views of third parties 12.85, 12.142, 12.153, 12.172, 12.192, 12.216
 - (*see also* Rate of return)
 - Cost pass-through-*see* Price control formula, components, competition related costs; Price control formula, components, pass-through elements
 - Courtaulds Chemical (Holdings) Ltd, views 12.70-12.73
 - CRINE initiative 8.38, 10.68, App 8.3
 - Cross-subsidies 2.31-2.31, 2.77, 2.181, 4.50, 5.5, 5.7, 5.10, 10.79, 11.35, 11.67, 11.89, 12.28-12.30, 12.66, 12.82, 12.130, 13.72
 - Current cost accounting (CCA)
 - BG
 - asset values 1.6, 2.106-2.108, 2.111-2.112, 2.114, 2.120, 2.125-2.127, 2.127, 2.129, 2.143, 3.30, 6.2, 6.6, 6.22, 6.41-6.42, 6.54-6.55, 6.58, 6.79, 6.82, 10.31, 13.45, 13.97, 13.104-13.105

- compared with HCA 6.3
 - borrowing ratios 6.66
 - compared with HCA 6.8
 - dividend cover 9.16
 - profits 6.2-6.3, 6.9, 6.29, App 6.1-App 6.2, App 6.4
- Transco
 - asset values 2.15, 2.182, 6.19, 6.22, 6.38,
- Transco, asset values-*contd*
 - 6.46-6.49, 6.51-6.55, 9.7, 10.10, 10.30-10.31, 10.39-10.45, 11.5, 11.21-11.23, 11.25, 11.28, 11.32, 11.61, 11.70, 11.90, App 9.3
 - profits App 6.5-App 6.6
 - use in statutory accounts 2.129
 - views of gas industry suppliers and engineers 12.34
 - views of gas suppliers 11.91-11.92
 - views of investment institutions 6.73, 12.175, 12.180, 12.184, 12.190, 12.214, 12.217
 - views of trade unions 12.164
- Customers
 - change of supplier 2.44, 7.47, 7.53-7.54, 7.82
 - concentration 2.97
 - contribution to revenue-*see* Revenue
 - interests
 - duties of Secretary of State and Director General 2.5, 3.12
 - views of BG 13.107
 - views of consumers 12.47-12.49, 12.51, 12.53, 12.115
 - views of Director General 5.51
 - views of investment institutions 12.169, 12.196-12.197, 12.208-12.209
 - views of MMC 2.51, 2.153, 2.179
 - numbers 4.5, 7.113
 - forecasts 9.11-9.12
 - services
 - costs 7.10-7.12, 7.61-7.62, App 7.2
 - definition 7.60
 - (*see also* Performance measurement)
 - types
 - by demand
 - over 200,000 therms 4.6
 - over 75,000 therms 3.19
 - over 25,000 therms 3.3-3.4, 4.2, 4.5, 4.6
 - over 2,500 therms 2.8, 2.47-2.48, 4.36, 7.124
 - under 25,000 therms 3.2, 3.7, 4.2, 6.24, 8.6
 - under 2,500 therms 4.5, 4.36, 5.17, 6.24, 7.48
 - comparisons between domestic and industrial 4.42
 - large users 5.32, 9.11-9.12, 9.20, 10.77, 11.83
 - definition 2.61-2.62, 2.65, 2.180, 13.12
 - distinguished from small users 1.3, 2.61
 - separated in price formula 12.84
 - small users 3.5
- Dalgety PLC, views 12.74-12.75
- Debt risk premium-*see* Rate of return, basis for calculation
- Demand
 - balancing-*see* System management, balancing
- regime
 - effects on depreciation 9.9
- peak
 - effects of competition 2.21, 4.21, 4.43, 5.10, 13.14
 - forecasts 2.101, 4.6, 8.6, 8.8, 8.16, 9.21, 10.3, 11.79, App 8.3
 - outsourcing 7.23
 - system management 2.20, 4.20, 4.32, 4.39-4.40, 7.63, 11.74, App 8.4

- Demand-*contd*
trends
all 4.5
industrial 6.26
power stations 4.7
Department of Environment, rating assessment 7.79-7.80
Department of Trade and Industry
duties of Secretary of State 2.5, 3.11-3.13
views 12.1-12.17
Depreciation 1.5-1.6, 2.104-2.143, 6.74-6.82, 9.2-9.8
views of BG 13.45-13.54
views of consumers 12.71, 12.80-12.81, 12.92, 12.111, 12.122
views of Director General 10.32-10.47
views of electricity industry 12.142
views of investment institutions 12.171, 12.190, 12.210, 12.212
views of shippers 2.116, 2.118, 2.130, 11.2, 11.6, 11.17-11.18, 11.21-11.23, 11.25, 11.32-11.33, 11.91-11.92, 12.111
views of trade unions 12.164
Director General of Electricity Supply
price review 2.131
The transmission price control review of the National Grid Company: proposals (October 1996) 2.96, 10.15
Director General of Gas Supply (Director General)
duties 2.5, 2.100, 3.11-3.13, 4.49, 5.7, 5.30, 6.80
views 10.1-10.86
(see also Office of Gas Supply)
Director General of Water Supply, price review 2.131
Discrimination
connection policy 3.19
prices-see Prices
storage business 13.17
Distribution system-see Pipeline system
District efficiency factor (DEF) 7.116-7.117, App 7.7, App 8.4
Dividend growth model (DGM) 6.70, 12.172
Eastern Natural Gas Ltd, views 11.56-11.63
Eastern Pipelines Ltd 3.19
EC
directive on accuracy of meters 7.35, 8.48, 10.71, App 8.5
public procurement regime 5.23, 13.19
Economic pricing 13.45, 13.104, 13.106
Economic purchasing 1.3, 2.14, 2.41-2.42, 2.50, 2.52, 2.55, 2.57, 2.180, 5.10, 5.16, 5.19-5.20, 5.26, 7.30, 7.42, 7.53, 10.63, 10.75, 11.68, 12.30, 13.19, 13.39
Efficiency
capital expenditure
by sector
information systems 8.20, 13.94, App 8.7
meters 8.15, App 8.5
offshore investment 2.155, 8.6, 10.68
pipeline system 8.15, 8.40, App 8.2
purchasing 8.27, 12.19, App 8.1
storage business 8.6
system management 8.6, 8.8, App 8.1
transmission system 2.155, 8.15, App 8.3-App 8.4
projections 8.6, 8.12, 8.15, 8.20, 10.3, 10.50, App 8.1-App 8.3
Efficiency, capital expenditure-*contd*
views of BG 13.27-13.28
views of shippers 11.11, 11.33, 11.96
compared with overseas gas companies 12.131
debt recovery 7.58-7.59, 10.58, 13.74
(see also Revenue, uncollectable)
duties of Secretary of State and Director General 2.5
incentives
effects of balancing mechanism 11.68
effects of capital expenditure monitoring 5.51, 11.67
effects of confidentiality 10.8
effects of liability payments 12.87
effects of price control formula 2.17, 2.59, 2.61, 2.146, 2.179, 2.184, 5.3, 5.20, 5.26, 5.30-5.32, 5.34, 5.37, 5.40, 10.75-10.77, 11.19, 11.25, 11.46, 11.60, 11.67, 11.69, 11.75, 11.76, 12.157, 13.12-13.13, 13.18, 13.22
regulatory principles 13.8-13.9
unrecoverable revenues 2.167
obligations of BG 13.9
operating costs
approach of BG 5.26, 7.7, 13.55-13.67
approach of Coopers & Lybrand 7.4-7.6, 10.3
approach of Director General 2.14, 3.30-3.31, 5.17-5.19, 5.24-5.25, 10.48-10.50
views of investment institutions 12.182, 12.205, 12.215
by sector
information systems 7.82, 8.52
manpower 2.12, 2.160-2.161, 7.3, 7.6, 7.8, 7.22-7.27, 7.47, 7.70, 7.78, 7.91-7.96, 7.112-7.118, 10.51, 10.56, 12.165-12.166, 13.57, 13.60, 13.63, 13.66
meter reading 7.42, 7.47
Network Code process 11.73
pipeline system 11.73
purchasing and supply 7.86
research and technology 7.85
systems management 11.64
views of third parties 11.13, 11.30, 11.87, 11.96, 12.5, 12.97, 12.112, 12.159, 12.165
Electricity industry
compared with gas industry 9.5, 10.86, 11.7, 11.57, 12.10, 12.61, 12.75, 13.40, 13.54
information provision 5.52
rating assessment 7.79
regulation
interaction with gas industry 11.58, 12.8
price control formula 5.3, 5.27, 6.56, 11.59, 12.148
Electronic token meters (ETM)-see Meters, types
Emergency service-see Safety
Energy efficiency
duties of licence holder 2.59, 3.23
duties of Secretary of State and Director General 3.12
effects of price control formula 2.59, 2.179, 12.201, 12.233-12.235
Energy Intensive Users Group, views 12.98-12.114

The Energy Saving Trust Ltd, views 12.233-12.235
Enron Capital and Trade Resources Ltd, views
11.65-11.75

Environment Act 1995 3.28, App 7.3
Environmental Agency
functions 3.29
guidelines on compressors 8.17, 8.39, App 8.3
Environmental impact
duties of Secretary of State and Director General
3.13
effects of price control formula 2.59, 12.201
emissions from compressors 2.155, 8.17, 8.39, App
8.3
land decontamination costs 2.15, 2.162-2.163, 6.5,
7.9, 7.87-7.89, 9.14-9.15, 9.19, 9.21, 10.55,
12.182, 13.69-13.71, App 7.3
regulation 3.28-3.29
Environmental Protection Act 1990 3.28-3.29
Equity risk premium-*see* Rate of return; Rate of
return, basis for calculation
Esso Exploration and Production UK Ltd, views 12.76
Exploration and production (E&P)
activities 6.1, 6.4, 6.10, 6.14, 6.28-6.29
financing requirements 2.168
compensation payments 7.66
decontamination liabilities 10.55
insurance requirements 7.75
investments 11.90
structure 2.7, 12.125
value
compared with other oil and gas companies
6.50-6.51
estimates by NatWest Securities Ltd 6.51, 10.31
views of Director General 2.114
views of shippers 2.118, 6.58, 11.8, 11.15,
11.27

Fair Trading Act 1973 3.5-3.6
Financial projections
by BG 2.92-2.95, 6.24-6.26, 9.6-9.11, 9.15-9.20,
App 9.1, App 9.4
by Director General 9.1-9.5, 9.13-9.14, App 9.2
by MMC 9.20-9.26, App 9.3, App 9.5-App 9.6
Financial ratios
debt to equity 6.8, 6.68
dividend growth 3.32, 6.6, 6.9, 6.19-6.20, 6.28-
6.29, 9.16, 13.106
compared with FTSE 6.33-6.36
views of gas suppliers 11.72
gearing 6.8, 6.58, 6.66, 6.68-6.69, 12.110
interest cover 6.8, 9.16, 13.97, 13.102
projections 9.14
(*see also* Rate of return, basis for calculation)
Financial Times Stock Exchange All-Share Index
(FTSE)-*see* Shares, prices
Flexibility mechanism 3.21, 4.30-4.33, 5.1, 5.19,
13.19
see also System management, balancing regime)
Flotation
BG 6.2, 6.53
Centrica 6.27
investor expectations 5.10, 6.52, 11.21, 13.45
(*see also* Share prices)
Food and Drink Federation (FDF), views
12.115-12.118
Frigg Pipeline Treaty App 8.3

- Gallaher Limited, views 12.77
- Gas Act 1972 4.1
- Gas Act 1986 3.2, 3.5-3.6, 3.8
- Gas Act 1995 2.1-2.2, 2.5, 2.59, 2.74, 2.90, 3.10-3.19, 3.21, 3.24, 4.2-4.3, 4.5, 4.8, 4.49, 5.1, 5.7, 5.30, 5.52, 6.53, 10.6, 10.78, 11.72, 12.4, 12.7, 12.9, 12.47, 12.231, 13.6, 13.29, 13.45, 13.60, 13.88
- The Gas Code 3.24
(see also Safety regulation)
- Gas Consumers Council, views 2.152-2.153, 12.46-12.58
- Gas Cost Index 5.3
- Gas industry
 comparisons with other utilities-see Electricity industry; Utilities; Water industry
 competition-see Competition
 history 4.1-4.3
 regulation
 independent arbitration 12.107
 licensing-see Licensing
 Network Code-see Network Code
 retrospective 2.113, 5.20, 5.22-5.23, 6.42, 10.27-10.28, 11.70, 11.72, 12.154, 12.156, 12.196, 13.19, 13.51
 statutes-see Gas Act 1972; Gas Act 1986; Gas Act 1995
 (see also Efficiency, incentives, effects of price control formula)
- Gas Meters (Amendment) Regulations 1983 App 8.5
- Gas Safety (Installation and Use) Amendments Regulations (SI 550, 1996) 3.27
- Gas Safety (Installation and Use) Regulations (SI 1886, 1994)-see Safety
- Gas Safety (Management) Regulations 1996 (SI 551, 1996) 3.25, 7.122, 12.11, 12.23, App 7.8
- Gas Transportation Company 3.19
- General Electric Company plc, views 12.78
- George Wilson Industries Ltd, views 12.18-12.20
- Global Gas, value 10.31
- Goodson, H J, Mr, views 12.220
- Group 4 Securities, meter-reading service 4.37, 11.94
- Hay Management Consultants, market survey database App 7.8
- Hazlewood Foods PLC, views 12.79-12.81
- Health and Safety Commission, *Britain's gas supply: a safety framework* (March 1995) 12.17
- Health and Safety Executive (HSE)
 duties 3.13, 3.25-3.26, 10.6, 12.13
 relations with BG 1.8, 2.148-2.149, 7.122, 8.6, 8.8, 8.29, 8.41, 8.43, 10.66, 13.87-13.88, App 8.3, App 8.4
 relations with Director General 2.5, 10.65-10.66, 12.9, 12.49, 12.97, 12.113, 12.124, 12.168
 views 12.9-12.17
- Hermes Pensions Management Limited, views 12.174-12.175
- Hill, S, Mr, views 12.239
- Hilton, D, Mr, views 12.236
- Historical cost accounting (HCA)
 asset values
 compared with CCA 6.3
 views of shippers 11.26
- borrowing ratios, compared with CCA 6.8
- dividend cover 9.16
- Historical cost accounting-*contd*
 interest cover 9.16, 13.97
 rate of return, compared with other utilities 12.242-12.244
 views of third parties 11.91
- Holding losses 1.7, 2.120, 2.122, 2.126-2.127, 2.140, 6.54-6.55, 6.79, 13.16, 13.48, App 9.1, App 9.3
- Hurst, M, Mr, views 12.238
- ICL, contract for telecommunication services 7.71
- Inflation 2.109, 5.44-5.45
(see also Retail price index)
- Information provision
 confidentiality 6.12, 10.7-10.8, 11.73, 12.100, 12.108
 duties of licence holder 2.74-2.76, 2.181, 3.21, 3.23, 4.34, 5.52
 relations between BG and Director General 2.72-2.73, 5.51-5.52, 10.2, 10.4, 10.7-10.8, 10.84, 12.193, 12.205
 views of consumers 12.55
(see also Transparency)
- Information systems (IS)
 capital expenditure 2.154, 8.13, 8.20, 8.24, 8.51-8.52, 13.94, App 8.7
 costs 2.154, 2.165, 7.3, 7.81-7.82, 8.51, 10.61
 database of supply points 4.34, App 8.7
 M-number database 12.117
 Quantum 11.17
 UK-Link 2.154, 4.26, 4.30, 7.82, 8.20, 8.51, 10.61, 11.80, 13.94, App 8.7
 views of suppliers 11.100
- Initial market value-see Regulatory value
- The Institution of Gas Engineers
 The Institution of Gas Engineers
Recommendations on transmission and distribution practice: steel pipelines for high pressure gas transmission (IGE/TD/1, Communication 1530, edition 3, 1993, The Institution of Gas Engineers) 8.8
 standards 4.22
 views 12.21-12.23
- Insurance, costs 2.165, 7.54, 7.75, 10.59
- Interconnector
 capacity 4.12, 12.125
 effects on capital expenditure 8.16, 10.69, 11.18, 11.31, 11.54, 11.66, 12.72, 12.81, 12.91, 12.105, 12.134, 12.138, 12.248, 13.93, App 8.3
- International Generating Company (UK) Limited (InterGen)
 provision of storage service 11.49
 views 12.24-12.30
- Interruptible gas loads, effects on competition 4.6, 5.7, 5.10, 13.14
- Kodak Limited, views 12.82
- Labour Market Trends*, average earnings index App 7.5
- Laporte plc, views 12.83-12.86
- Liability payments-see Standards of service
- Licensing

- conditions
 - modification process 2.68-2.70, 3.16-3.17, 5.46-5.50, 13.20
 - Special Condition 9C 1.1, 2.1, 2.3, 2.6, 2.13,
- Licensing, conditions, Special Condition 9C-*contd*
 - 2.16-2.17, 2.23, 2.89, 2.177-2.179, 5.1, 5.3, 5.7, 5.24-5.25, 5.35-5.36, 5.48, 5.50, 13.34, 13.77, 13.105, App 1.1-App 1.2
 - changes proposed by Director General 1.2, 2.3, 2.31, 2.68-2.86, 5.1, 5.43, 12.46-12.47, App 1.1
 - changes proposed by MMC 2.180-2.181, 2.183-2.184
 - Special Condition 9D 2.3, 2.72, 5.51, 10.85, 13.27
 - Special Condition 9E 2.3, 2.38-2.39, 2.76, 5.47, App 1.2
 - Standard Condition 3(7) 2.31
 - Standard Condition 4(6) 5.48
 - Standard Condition 2 2.6, 13.45
 - Standard Condition 11 5.1
 - Standard Condition 16 2.74-2.75, 5.52, 13.28
 - Standard Condition 19 7.120, App 7.8
 - Standard Conditions 3 and 4 5.1
- types 3.15
 - gas shippers
 - duties of holder 3.21-3.22
 - applied to BG 3.18
 - gas suppliers
 - duties of holder 3.22-3.23
 - applied to BG 3.18
 - public gas transporters (PGT)
 - duties of holder 3.15, 3.19, 6.53
 - BG's license 1.1, 3.18, 3.20, 4.20, 6.80, 7.120, 11.84, App 3.1, App 7.8
- Licensing patents office, costs 7.85
- Local distribution zones (LDZs)
 - changes in calorific gas values 7.31
 - gas demand 4.5, 4.7, 4.24, 9.20
 - meter reading service 7.45
 - pipelines 4.9, 4.11, 4.13-4.14
 - shrinkage gas 7.32
- Local transmission system (LTS)
 - capital expenditure 8.6, 8.8, 8.18, 8.24, 13.80, App 8.1, App 8.4
 - depreciation 9.9
 - pipelines 4.9, 4.13
 - price control formula 5.34, 11.67
- M&G Investment Management Limited, views
- McGonigle, B G, Mr, views 12.221
- Major Accident Prevention Document (MAPD) 3.26 (*see also* Safety regulation)
- Major Energy Users Council, views 12.119-12.126
- Manage the business process
 - costs 2.165, 7.78, App 7.2
 - definition 7.77
- Manpower
 - costs 2.161, 7.16, 7.38, 7.59, 7.62, 7.67, 7.97-7.98
 - absence levels 7.109, App 7.5
 - earnings 7.106, App 7.5
 - overtime 7.108, App 7.5
 - redundancy scheme 5.20, 7.102-7.104
 - cultural change programme 7.78, 7.119
 - numbers 2.12, 6.31, 7.99-7.100, 7.118, App 7.4
 - age profile 7.104
 - projections 7.54, 7.105, 7.114, 10.56
 - turnover 7.101
 - planning process 7.111, App 7.6
 - productivity-*see* Efficiency, operating costs, manpower
- Manpower-*contd*
 - skill requirements 7.23, 7.40, 12.42, 12.135, App 7.5
 - terms of employment 7.110, App 7.5
- Market testing 7.75, App 8.1 (*see also* Outsourcing)
- Market to asset ratio (MAR) 1.6, 2.14, 2.15, 2.38, 2.106-2.107, 2.111, 2.116, 2.118, 2.122, 2.124, 2.135, 2.137-2.139, 2.142-2.143, 2.174, 2.182, 6.40, 6.42, 6.44, 6.52, 6.56, 6.58, 6.78, 9.3, 9.8, 9.20, 10.30, 10.38, 11.4, 11.6, 11.9, 11.70, 12.214, App 9.2-App 9.3
- MCG Consultancy Group, *Analysis of personnel activities and costs* (10th edition, 1996) App 7.5
- Mercury Asset Management plc, views 12.185-12.188
- Messrs Allison, views 12.218
- Meter reading process
 - contracts 4.37, 7.44-7.45
 - costs 2.14, 2.41, 2.48, 2.53, 2.171, 2.182, 5.17, 5.26, 5.37, 7.42-7.50, 9.13, 13.29, 13.75-13.78, App 9.5
 - rebates 2.48, 2.50-2.51, 2.53, 2.180, 13.77-13.78
 - definition 2.46-2.47, 7.41
 - efficiency-*see* Efficiency
 - IT systems 7.49
 - regulation 4.36, 4.38
 - revenue-*see* Revenue, sources
- Meter work process
 - costs 2.166, 4.17, 6.21, 6.25, 7.8, 7.11-7.12, 7.33-7.37, App 7.2
 - definition 7.41
 - faults 4.45
 - installation 4.15, 5.37, 13.92
 - charges-*see* Prices, components
 - survey 7.36
 - replacement programme 4.47, 7.35, 7.113, 8.15, 8.19, 8.28, 8.36, 10.70, 10.72-10.73, 13.90
 - effects on shrinkage gas 7.32
- Meters
 - capital expenditure 2.150-2.153, 8.12, 8.19, 8.24, 8.28, 8.33, 8.36, 8.44-8.50, 10.70-10.73, 13.80, 13.83, 13.90-13.92, App 8.1-App 8.2, App 8.5
 - competition
 - effects on revenue 5.35-5.37
 - views of BG 2.47, 7.46, 9.17, 13.30
 - views of consumers 12.53
 - views of Director General 2.11, 2.48, 4.49-4.52, 5.17, 10.70, 10.81-10.82
 - views of MMC 2.10, 2.52, 3.6, 4.49
 - views of shippers 11.44-11.48, 11.94-11.95
 - depreciation 9.9, 9.13
 - effects on rating assessment 7.79
 - information provision 4.34, 7.37
 - numbers 4.16

- prices-see Prices
- regulation
 - duties of licence holder 3.23, 4.34, 4.36
 - The Gas Code 3.24
 - Network Code 4.36-4.38
- types
 - all 4.16, 8.19, App 8.5
- Meters, types-*contd*
 - 'black spot' 2.150-2.151, 7.32, 7.35, 7.113, 8.44-8.46, 10.70, 10.72, 13.35, 13.83, App 8.1, App 8.5
 - 'black square' 2.150-2.151, 8.47, 8.49, 10.70, 13.83
 - diaphragm 2.150, 4.17, App 8.5
 - ETM 2.150, 2.152-2.153, 4.16-4.17, 7.35, 8.44, 8.50, 10.73, 11.44, 11.46-11.47, 12.20, 13.83, 13.92, App 8.1, App 8.5
 - ultrasonic 12.20
 - views of consumers 12.56
- Mobil Gas Marketing (UK) Limited, views 11.76-11.77
- Modern equivalent asset value (MEAV) 2.14, 6.3, 6.22, 6.53, 9.3, 9.6, 9.8, 10.2-10.30, 10.38, 10.42 (see also Regulatory value)
- Monopolies and Mergers Commission (MMC)
 - procedures 5.48-5.49
 - report *BAA plc: a report on the economic regulation of the London airport companies (Heathrow Airport Ltd, Gatwick Airport Ltd and Stansted Airport Ltd)* (MMC4, published by CAA, 1996) 2.84, 2.96, 5.27, 9.5, 11.61, 12.204, 13.36-13.37, 13.100
 - report *Gas: a report on the matter of the existence or possible existence of a monopoly situation in relation to the supply in Great Britain of gas through pipes to persons other than tariff customers* (Cm 500, 1988) 3.3-3.4, 6.30, 6.53, 13.45
 - report *Gas: volume 1 of reports under the Fair Trading Act 1973 on the supply within Great Britain of gas through pipes to tariff and non tariff customers, and the supply within Great Britain of the conveyance and storage of gas by public gas suppliers* (Cm 2314, 1993) 1.4, 2.6, 2.8-2.9, 2.13-2.14, 2.21, 2.25, 2.97, 2.99, 2.103, 2.106-2.109, 2.113, 2.118-2.121, 2.124, 2.131-2.133, 2.142, 3.5-3.9, 4.49, 6.2, 6.11-6.12, 6.24, 6.26, 6.38-6.40, 6.42, 6.45-6.46, 6.51-6.52, 6.54, 6.59-6.61, 6.64-6.65, 6.73, 8.5, 9.6, 10.28, 10.41, 11.61, 11.66, 11.88, 12.100, 12.139, 12.142, 12.148, 12.152, 12.164, 12.175, 12.177, 12.182, 12.190, 12.192, 12.200, 12.204, 12.213-12.214, 13.4, 13.6-13.7, 13.10, 13.36, 13.43, 13.45-13.46, 13.48-13.49, 13.57, 13.104, 13.107, App 8.7
 - report *Portsmouth Water plc: a report on the determination of adjustment factors and infrastructure charges for Portsmouth Water plc* (HMSO, 1995) 2.96, 2.99, 10.15
 - report *Scottish Hydro-Electric plc: a report on a reference under section 12 of the Electricity Act 1989* (HMSO 1995) 2.84, 2.96, 10.15, 12.142
- report *South West Water Services Ltd: a report on the determination of adjustment factors and infrastructure charges for South West Water Services Ltd* (HMSO, 1995) 2.96, 2.99, 10.15
- this inquiry
 - conclusions 1.1-1.10, 2.1-2.184
 - recommendations 1.10, 2.179-2.184
 - remedies 1.10, 2.35-2.40, 2.52-2.53, 2.65, 2.173-2.175, 2.178
- Monopolies and Mergers Commission-*contd*
 - terms of reference 1.1-1.2, 2.1-2.4, 2.13-2.15, 3.30-3.33, 10.9-10.10, 12.48, App 1.1
 - views of BG 6.29
- Morgan, A, Ms, views 12.239
- The National Association of Pension Funds Limited, views 12.194-12.197
- National Consumer Council, views 12.59-12.60
- National Control Centre 4.24
- National Economic Research Associates (NERA), critique of Shippers' Group paper 2.119
- National Grid Company, cost of capital 2.96, 4.7, 10.15, 11.57, 11.59, 11.64, 12.99, 12.154
- National Power PLC, views 12.144-12.145
- National transmission system (NTS)
 - capacity 11.75, 12.247-12.248
 - capital expenditure 2.155, 8.6, 8.8, 8.16, 8.24, 8.32, 8.37-8.39, 10.68-10.69, 13.80-13.81, 13.86, App 8.1-App 8.3
 - depreciation 9.9
 - gas demand 4.5, 4.7, 4.24, 9.20, 10.77
 - pipelines 2.61, 2.65, 2.180, 4.9-4.12, 12.43
 - reinforcement 4.12, 12.105, 12.126, 12.134, 13.93, App 8.3
- NatWest Securities Ltd, estimates of values 6.51, 6.53
- Net present value (NPV) 3.30-3.31, 9.7, 9.13, 9.15, 9.19, 9.24, 9.26, 11.3-11.4, 11.32, 11.70, 12.179, 12.229, 13.16, 13.35, App 9.1, App 9.5
- Network Code
 - costs of operation 5.37, 11.73
 - definition 4.25
 - duties of licence holder 2.66, 3.21, 4.6, 5.36, 7.120, App 7.8
 - effects on
 - balancing regime 2.10, 4.3, 4.23, 4.25-4.26, 4.31-4.33, 5.17, 13.19
 - capital expenditure 8.20
 - customer definition 2.65
 - customer services 7.62
 - information systems 2.165, 7.82
 - meter services 2.46-2.47, 4.36-4.38, 5.17, 7.44, 7.124, 13.78, App 7.8
 - relations between Transco and consumers 12.75
 - revenue and cash flow 6.67, 11.12, 11.68, 13.25-13.26, 13.34
 - risk assessment 13.38, 13.60
 - standards of service 11.19, 11.39, 11.40, 11.77
 - storage services 11.49
 - modification process 5.39
 - views of BG 5.20, 5.39-5.40
- Network Emergency Co-ordinator 3.25, 4.48, 12.12 (see also Safety)

- New Earnings Survey 1996* 7.106, App 7.5
- Newton Investment Management Limited, views 12.189-12.193
- Northern Electric plc, views 12.146-12.148
- Northern Metering Services Ltd (Northern Metering Services), meter-reading service 4.37, 7.45, 13.77
- Notional revenue-*see* Revenue
- Office of Electricity Regulation (OFFER), price control proposals 12.99
- Office of Fair Trading (OFT), review of the supply of gas 3.4
- Office of Gas Supply (OFGAS)
- 1992 price control review British Gas' transportation and storage* (OFGAS, 1992) 6.53
- 1994 price control review British Gas' transportation and storage* (OFGAS, 1994) 6.24-6.25, 6.53
- 1997 price control review British Gas' transportation and storage: the Director General's final proposals* (OFGAS August 1996) 1.2, 1.8, 2.28, 3.31, 4.49, 7.18, 10.9
 views of BG 3.32, 7.7, 13.4-13.5
- 1997 price control review British Gas' transportation and storage: the Director General's initial proposals* (OFGAS, May 1996) 3.30, 10.48
 (*see also* Director General of Gas Supply)
- Offshore investment-*see* Efficiency, capital expenditure
- Offtake gas
- included in price control formula 2.61, 2.65, 2.180
- liability payments-*see* Standards of service
- Operating capability maintenance (OCM) 2.108, 2.119, 6.54, 6.82, 13.48
- Operating costs
- by cross-process
- all 7.81-7.86
- information systems-*see* Information systems
- research and technology-*see* Research and technology
- by direct process
- all 7.11-7.13, App 7.2
- billing-*see* Billing
- customer service-*see* Customers
- develop the network-*see* System management
- emergency service-*see* Safety, emergency services, costs
- operate the system-*see* System management
- safety and reliability-*see* Safety, pipeline system, costs
- storage-*see* Storage business
- supply point administration-*see* Supply business
- by indirect process
- all 7.72-7.79, App 7.2
- corporate services-*see* Corporate services
- management of business-*see* Manage the business process
- purchasing and supply-*see* Transco, activities
- rates-*see* Rates
- interaction with capital expenditure 5.51, 10.84
- projections 1.9, 2.159-2.171, 7.1-7.124, 9.20, 10.47-10.63, 13.55-13.78
- (*see also* Cost pass-through; Environmental impact, land decontamination)
- Operating margins gas 2.54-2.55, 2.181, 4.31, 4.44, 5.17
 (*see also* System management)
- Orlowski, M J, Mr, views
- Outsourcing 7.23-7.24, 7.47, 7.70-7.71, 7.82, 7.102
 (*see also* Efficiency)
- The Paper Federation of Great Britain, views 12.127
- PDFM Limited, views 12.198-12.206
- Performance measurement
- customer service, obligations of Transco 7.120, 7.123, App 7.8
- Performance measurement-*contd*
- information systems App 8.7
- manpower 7.115-7.117, App 7.7
- pipeline system 11.73
- safety
- compared with overseas companies App 7.8
- emergency service 4.46
- obligations of Transco 7.120-7.122, App 7.8
- supply point administration 5.26, 7.54
- transportation business, obligations of Transco 7.120, 7.124, App 7.8
 (*see also* Standards of service)
- Pipeline system
- capacity 11.82, 11.84-11.85
- capital expenditure 2.147, 2.149, 2.166, 12.6-12.7, 13.87-13.89
- costs-*see* Safety
- efficiency-*see* Efficiency
- gas flow-*see* System management
- mains
- competition 11.42
- replacement 1.8, 2.147-2.149, 2.166, 4.22, 4.47, 6.21, 7.32, 8.6, 8.8, 8.21-8.22, 8.28, 8.33-8.33, 8.35, 8.40-8.43, 12.14-12.15, 12.49, 13.87-13.89, App 8.1, App 8.4, App 12.1
- maintenance 4.21-4.22, 11.73
- network 4.10-4.12
- length 4.9
- performance measurement-*see* Performance measurement
- safety-*see* Safety
- use by power stations 6.26
 (*see also* Local transmission system; National transmission system)
- The Pipelines Safety Regulations 1996 (SI 825 1996) 3.26, 12.7
 (*see also* Safety)
- Power stations
- demand for gas 4.7, 8.8, 11.93, 12.137
- effects on volume growth 5.29, 6.26, 10.10, 11.87
- use of pipelines 6.26
- Price cap 2.14, 2.18, 3.30, 5.2-5.3, 5.19, 5.26-5.27, 9.13, 10.29, 10.77, 11.93, 12.41, 12.52, 12.101, 12.137
 (*see also* Price control formula; Price controls)
- Price control formula
- components
- balancing mechanism requirements 5.17
- competition-related costs 5.11, 5.24-5.26,

10.62-10.63, 10.75, 11.63, 12.150-12.151,
 13.20, App 1.1
 correction factor K 2.88-2.89, 5.27, 5.41-5.42,
 9.13, 11.69, 13.33
 error correction mechanism 11.31, 12.40, 12.102
 meters 4.51, 5.17, 8.50, 9.17, 13.29
 pass-through elements 1.3, 2.14, 2.17-2.18,
 2.41-2.58, 2.171, 2.180, 4.51, 5.3, 5.11, 5.16-
 5.23, 7.42, 9.13, 9.21-9.22, 11.68, 11.79,
 3.18-13.20, App 1.1
 profit sharing 2.18, 5.3, 5.11-5.15, 10.75,
 11.67
 rate of return 5.3
 RPI-X formula
 compared with other methods 2.18, 5.3
 proposals by Director General 1.2, 2.14,

Price control formula, RPI-X formula, proposals by
 Director General-*contd*
 2.84, 3.9, 3.30-3.31, 10.75
 recommendations of MMC 2.183
 views of BG 13.12-13.13
 views of third parties 11.19, 11.67, 11.76,
 11.93, 12.84, 12.95, 12.120, 12.137,
 12.144, 12.150, 12.157, 12.167, 12.217
 volume adjustment 1.3, 2.14, 2.63-2.65,
 2.180, 5.28-5.34, 9.11-9.12, 9.23, 10.10,
 10.75, 11.87, 12.41, 12.101, 13.11-13.13,
 13.48
 standard of performance element 11.80
 duration 2.14, 5.46-5.50, 10.76, 11.38, 11.93,
 12.40, 12.84, 12.102, 12.121, 12.144, 13.12
 disapplication 1.3, 2.13-2.14, 2.17, 2.29,
 2.38-2.39, 2.68-2.71, 2.101, 2.177-2.178,
 2.180, 5.46-5.50, 13.23
 (*see also* Airports industry)
 excluded services 2.14, 2.66-2.67, 2.181, 5.17,
 5.19-5.20, 5.38-5.40, 13.24-13.26
 methodology 3.5, 5.3, 5.5, 5.11
 recommendations by MMC 1.3, 1.10, 3.6
 separate conditions required
 meters 2.11, 2.51, 2.78, 2.79, 2.81-2.82,
 10.81-10.82
 new connections 2.78, 10.83, 11.55
 NTS and LTS 5.34, 11.67
 storage 1.10, 2.3, 2.11, 2.17, 2.19., 2.24-2.27,
 2.34, 2.35- 2.40, 2.80, 2.83, 4.51, 5.5-5.10,
 9.13, 9.17, 10.82, 11.68, 12.145, App 1.1
 (*see also* Licensing, Special Condition 9E)
 transportation 1.10, 5.5-5.10, 9.17
 views of Director General 2.11, 10.78-10.83
 views of gas suppliers 11.81
 structure
 basis of calculation
 cash flow approach 11.32
 comparisons between tariff basket and revenue
 yield approach 5.27, 5.41
 definition 5.28-5.29
 proposals for change 1.3, 2.14-2.15, 2.59-2.71,
 2.180, 5.30-5.34, 10.77

Price controls
 regulation 3.2, 5.1-5.52
 views of BG 13.6-13.10
 (*see also* Licensing, Special Condition 9C; Price
 control formula)
 review by Director General
 consultants 10.3
 critique of existing control 10.9-10.10
 documents published 2.14, 10.5-10.8
 information requests 10.4
 principles 10.2
 proposals 2.14, 3.30
 views of BG 2.15, 2.119, 13.95-13.106

Prices
 changes
 increase 2.87, 5.43
 reduction
 effects on energy efficiency 12.234
 meters 12.44
 proposals by Director General 1.2, 2.3,
 2.14-2.15
 recommendations of MMC 1.10, 2.174

Prices, changes, reduction-*contd*
 related to calorific gas values 7.31
 related to competition 2.9
 related to interrupted supply 4.6
 views of third parties 11.76, 12.45, 12.73,
 12.81, 12.95, 12.99
 volatility 2.59, 2.179

components
 calorific value of gas 7.8, 7.30-7.31, 13.60
 meter installation 4.15, 13.92
 shrinkage gas 7.30
 transportation 11.87
 discriminatory 2.31, 2.181, 3.3, 5.1-5.2, 5.5,
 5.8-5.9, 5.10, 10.80, 12.47
 preferential 2.31-2.34, 2.181, 5.1, 5.5, 5.8, 5.10
 proportion of industry costs 12.68, 12.70,
 12.78-12.79, 12.90, 12.115
 publication 3.3-3.4, 5.1
 regulation-*see* Price controls
 structure 5.31, 11.75

Profit sharing
 related to price control formula-*see* Price control
 formula, components
 scheme operated by BG 6.6

ProShare (UK) Limited, views 12.207-12.212
 Prout, E T, Mr, views 12.224
 Public procurement legislation 5.21
 Purchasing and procurement
 costs 2.14, 6.5, 7.86
 efficiency-*see* Efficiency
 obligations of Transco 5.19-5.23, 5.45

Quantum 4.17

Rate of return
 basis for calculation
 cost of debt 6.65-6.67
 debt risk premium 12.173
 equity beta 6.63, 6.66-6.69, 6.72
 equity risk premium 6.62, 6.67, 6.69, 12.172
 gearing 6.66, 6.68-6.69
 (*see also* Financial ratios)
 risk-free rate 6.61, 6.67, 6.69, 12.172-12.173,
 12.191
 tax wedge 6.64, 6.67

calculation
 by BG 2.95, 2.97, 2.122, 13.35, 13.48-13.49
 by Director General 6.60, 9.2, App 9.1
 by investment institutions 6.73, 12.172-12.173, 12.183, 12.191, 12.214
 by MMC 2.106-2.108, 2.174-2.175, 3.6, 6.52, 6.54, 6.59, 6.61, 9.13, 9.20
 compared with analysis of BG and Director General 2.176
 by Office of National Statistics 6.71-6.72, 6.73-6.74
 by shippers 6.67-6.68, 11.2-11.3, 11.12, 11.17, 11.77
 compared with overseas gas companies 12.242-12.233
 related to prices 5.3
 related to UK economy 2.99
 views of third parties 11.85, 12.67, 12.85, 12.116, 12.142, 12.164
 Rates, costs 2.169, 7.10-7.12, 7.79-7.80, 10.57, under 1.10, 2.14, 2.89, 2.180, 5.29, 5.42
 views of third parties 11.74, 12.53, 12.106, 12.154, 12.229
 cap 2.38-2.39, 2.60, 2.80, 5.9-5.10, 5.27, 13.17
 contributions 6.41, 6.45, 6.48, 8.24, 10.39, App 7.2, App 8.3-App 8.4, App 8.7, App 9.2-App 9.3, App 9.5
 definition 5.10, 5.19-5.20, 5.35-5.40, 13.31
 effects of Network Code 6.67
 notional revenue 2.23, 2.28, 2.30, 2.40, 2.51, 2.53, 2.79-2.80, 2.82-2.83, 2.101, 2.180-2.181, 5.10, 5.37, 13.11, 13.15, 13.21-13.22, 13.29, 13.34, 13.77
 sources
 meter reading 9.21, App 9.5
 storage business 2.14, 2.25, 4.42, 5.6, 5.36, 9.21, 13.14-13.17, App 9.4-App 9.5
 transportation business 2.23, 5.36, 9.21, App 9.5
 uncollectable 2.167, 7.8, 7.58-7.59, 13.60, 13.74
 Revenue baskets 11.60
 Ring-fencing-see British Gas plc, structure
 Risk assessment
 Risk assessment, rate of return-*contd*
 rate of return
 views of BG 2.97, 6.60, 6.63, 13.38-13.40
 views of MMC 2.18, 2.100-2.101, 2.103, 6.61-6.62, 6.66
 views of third parties 6.66-6.69, 11.12, 11.29, 11.39, 11.61, 11.83-11.85, 12.73, 12.184-12.185, 12.191, 12.203
 regulatory 5.20, 11.29, 11.72, 12.76, 12.184-12.185, 12.191, 12.203, 12.216, 13.6, 13.39-13.40
 Risk-free rate-see Rate of return, basis for calculation
 Risk sharing mechanism-see Price control formula, components, competition-related costs
 Royal London Asset Management Limited, views 12.213-12.216
 Rutledge, I, Dr, views 12.242-12.244
 S B C Warburg 10.3
 Safety
 cases
 arrangements for submission 4.48, 12.11-12.12
 duties of Transco 3.25, 7.122
 emergency service
 costs 2.170, 6.25, 7.8, 7.10-7.12, 7.21-7.27, 10.60, 12.133, App 7.2
 sources of work 4.45
 structure 4.45, 7.20
 trends 4.47
 pipeline system
 costs 7.10-7.19, 12.16, 12.38, App 7.2
 effects on capital expenditure 8.40-8.43, 12.14-12.15, 12.38, App 12.1
 failure
 incidence 13.89
 leakage 12.230-12.232
 procedures 4.19
 regulation 3.24-3.27
 duties of licence holder 3.21, 3.23, 3.25, 4.20, 8.18
 duties of Secretary of State and Director General

- 2.5, 3.13
- standards-*see* Safety standards
- (*see also* Performance measurement; Pipeline system)
- Safety standards
 - emergency service 4.46, 11.97
 - pipeline system 2.148, 4.20, 4.22, 12.21-12.23
 - views of third parties 12.86, 12.97, 12.113, 12.168, 12.178
- St Regis Paper Company Ltd, views 12.88
- Schlumberger Industries, views 12.31-12.36
- Scottish independent networks 2.14, 2.58, 2.181, 4.42, 5.6, 5.17
- Scottish Power plc, views 12.149-12.155
- Shareholders
 - approval of demerger 6.27-6.28
 - interests
 - views of BG 2.15, 2.119-2.120, 2.122, 5.10, 6.37, 13.29, 13.32, 13.107
 - views of Director General -10.37, 2.26, 2.100, 2.112, 2.128, 4.52, 6.43, 6.49, 6.74, 6.77, 10.16, 10.26-10.27, 10.34, 10.36, 10.37, 10.39-10.40, 10.45, 13.48
 - views of MMC 1.5-1.6, 2.27, 2.100, 2.106,
- Shareholders, views of MMC-*contd*
 - 2.129, 2.132, 2.137
 - views of third parties 11.2, 11.7, 11.21-11.22, 11.70, 11.72, 12.109, 12.119, 12.170-12.171, 12.177, 12.180, 12.184, 12.187-12.188, 12.195-12.199, 12.204, 12.208-12.209, 12.213, 12.217-12.229
- Shares
 - flotation 4.1
 - option schemes 6.7
 - prices
 - at flotation 6.48
 - compared with FTSE 6.33-6.36, 12.177, 12.187, 12.192, 12.198, 12.208, 12.216, 12.218, 12.236, 13.49
 - compared with gas prices 12.178, 12.227
 - views of BG 2.122
- Shippers' Group, views 11.1-11.14
- Shrinkage gas 2.56-2.57, 2.181, 5.17, 6.25, 7.30, 7.32, 9.11, 9.24, 10.51
- Sinking fund 6.46-6.47, 10.10, 10.42-10.43, 10.45 (*see also* Asset replacement)
- Slippage 8.2, 8.8, 8.11-8.12, 8.27, 8.33, App 8.1, App 8.4 (*see also* Capital expenditure, underspend)
- Smith, Anderson & Co Ltd, views 12.89
- Society of British Gas Industries (SBGI), views 12.37-12.45
- South Western Electricity plc, views 12.156-12.168
- Special Condition 9C-*see* Licensing
- Spot gas, effects on competition 5.7, 5.10, 13.14
- Standards of service
 - liability payments
 - effects on revenues 2.85-2.86, 13.31-13.32
 - supply of meter-reading data 2.48, 4.38, 7.50, 7.124, App 7.8
 - supply of offtake gas 4.6, 7.50
 - supply point administration 7.50
 - views of BG 2.97, 5.20, 5.38, 7.8, 7.50, 13.60
 - views of MMC 2.170, 2.181
 - views of third parties 11.19, 11.40, 11.43, 11.98-11.99, 12.87, 12.141
 - obligations of Transco 7.120, App 7.8
 - safety-*see* Safety standards
 - views of BG 2.15, 3.32
 - views of Director General 5.38
 - views of third parties 11.19, 11.39, 11.40, 11.43, 11.63, 11.80, 11.98, 11.100, 12.58, 12.73, 12.86, 12.114
- Stone and Webster
 - report on safety performance App 7.8
 - study of 1996 Transco plan assumptions 13.58, 13.80
 - technical audit of Transco's assets App 8.2
 - views on effects of competition App 8.4
- Storage
 - barriers to entry 2.33-2.34
 - capacity
 - diurnal 2.20, 4.40, App 8.4
 - seasonal 2.20, 4.41
 - capital expenditure 8.13, 8.24, App 8.6
 - competition 4.43
 - views of BG 2.28, 2.33, 5.10, 9.15, 13.14-13.17
 - views of Director General 2.28, 4.49-4.52, 5.7, 5.17
- Storage, competition-*contd*
 - views of gas industry suppliers and engineers 12.25-12.30
 - views of MMC 2.29, 2.37, 4.49
 - views of shippers 11.49, 11.94
- depreciation 9.9
- liquefied natural gas (LNG) 2.20-2.21, 2.32-2.33, 2.58, 4.41, 5.10, 5.17, 7.63, 9.9, 11.94, 12.29, 13.17
- market share 2.21, 2.23, 2.28-2.29, 2.33, 13.14, App 5.1
- prices-*see* Price control formula; Price controls; Prices process
 - costs 2.14, 2.168, 6.21, 7.10-7.12, 7.64-7.67, 13.72, App 7.2, App 9.5
 - definition 7.63
 - regulation 2.22-2.23, 3.6, 5.7-5.8, 5.47 (*see also* Licensing, Special Condition 9C)
 - requirements of
 - British Gas Trading 5.8
 - gas shippers 4.21, 4.31-4.32, 4.42
 - Transco 4.44, 5.8-5.9
 - revenue-*see* Revenue, allowed under the price control formula; Revenue, sources
- Rough storage site 2.20-2.21, 2.25, 2.32, 2.168, 4.41, 4.43, 6.25, 7.63, 7.66, 8.5, 9.16, 9.24, 11.49, 12.29, 13.72
- salt cavity storage 2.20-2.21, 4.40-4.41, 4.43, 7.63, 9.9, 12.26, App 8.6
- separation from gas supply 2.168, 3.4, 3.6, 3.8, 11.57, 12.30
- Straight-line depreciation 2.100, 2.116, 2.130, 6.76-6.77, 9.3, 10.35, 10.37, 12.201, App 6.3, App 9.3
- Stranded assets 2.15, 2.22, 2.25-2.27, 4.52, 5.10, 5.20, 11.52, 13.3, 13.16, 13.29
- Sun Life Investment Management Ltd, views 12.217

- Supply business
 - competition-*see* Competition
 - duties of BG 3.2
 - role of Transco 4.8-4.52
 - transfer of assets and liabilities 3.18
 - Supply point administration
 - costs 2.14, 2.41, 2.43-2.44, 2.181, 5.24-5.26, 7.10-7.12, 7.51-7.55, 10.62, App 7.2
 - database 4.34
 - (*see also* Performance measurement; Standards of service)
 - SWEB Gas, views 11.78-11.81
 - System management
 - balancing regime
 - control centres 4.24
 - costs 5.17, 5.19, 7.8
 - daily process 4.27-4.29, 7.64
 - market 2.21, App 5.1
 - mechanisms 4.30-4.33, 4.44, 5.37
 - regulation
 - duties of shippers 3.21, 4.3
 - effects of Network Code 4.3, 4.23, 4.25-4.26, 4.31-4.33, 5.19
 - capital expenditure App 8.7
 - connections
 - charges 5.37, 12.238-12.239
 - competition 2.11, 11.42, 11.57
 - policy 3.19, 10.77
 - System management, connections-*contd*
 - projections App 8.4
 - related to price control formula 2.63, 13.30
 - (*see also* Price control formula, separate conditions required)
 - design 8.6
 - develop the network process
 - costs 7.39-7.40, App 7.2
 - definition 7.37-7.38
 - flow analysis 11.74
 - operate the system process
 - costs 2.54-2.55, 7.11-7.13, 7.28-7.32, App 7.2
 - definition 7.28
 - role of Transco 4.23-4.38
 - volume growth 2.63-2.65, 2.180, 6.25-6.26, 9.11-9.12, 9.21, 9.23, 10.77, 11.87, 12.205
 - (*see also* Efficiency, operating costs; Price control formula, components, RPI-X factor)
 - Teesside Chemical Initiative, views 12.245-12.248
 - Telecommunications industry
 - compared with gas industry 13.40
 - price control formula 5.27
 - Telecommunications service
 - capital expenditure App 8.7
 - costs 2.165, 7.10-7.13, 7.69-7.71, App 7.2
 - definition 7.68
 - depreciation 9.9
 - Top-up gas 4.32, 4.42, 4.44, 5.37
 - Top-up storage, (*see also* System management, balancing regime)
 - Total Gas Marketing Limited, views 11.82
 - Total Oil Marine plc, views 11.83-11.85
 - Transco
 - 1996 and 1997 plans-*see* British Gas plc, business plans
 - activities
 - management of business-*see* Manage the business process
 - purchasing-*see* Purchasing and procurement
 - storage-*see* Storage business
 - transportation-*see* Transportation business
 - business plans-*see* Capital expenditure, projections; Financial projections; Operating costs, projections)
 - financial results
 - cash flow 6.19, 6.67, 9.16, 11.90
 - debt 9.16, 11.90
 - profits 2.6, 6.15, App 6.5-App 6.6
 - allowed by price control formula 5.28-5.29
 - compared with overseas gas companies 12.242-12.244
 - tax payments 6.19-6.20, 9.16
 - management initiatives
 - Base Plan Assumptions* 8.16, App 8.3
 - culture change programme 7.78, 7.119
 - engineering for value 7.78
 - Gas transportation charges* 7.44
 - Ten Year Statement* 8.16, 11.74, 12.143, 13.79, App 8.3
 - Transition Guidelines* 7.103
 - work and asset management project 7.78
 - structure, separation agreement 2.6, 2.8, 2.97, 6.11-6.14, 6.24, 6.30, 10.49, 11.88-11.89, 11.99
 - valuation-*see* Regulatory value
- Transmission system-*see* Local transmission system; National transmission system
- Transparency 3.4, 10.2, 10.29, 11.18, 11.36, 11.51-11.52, 11.67, 11.73, 11.79, 11.88, 12.54, 12.64, 12.67, 12.82, 12.100, 12.151, 12.156, 12.184, 12.205
- Transportation business
 - charges to gas suppliers 11.82
 - financing requirements 2.23
 - gas shippers, numbers 4.3
 - prices-*see* Price control formula; Price controls; Prices regulation 3.6, 3.19, 3.21
 - duties of BG 3.2, 4.3
 - (*see also* Licensing, Special Condition 9C)
 - revenue-*see* Revenue, allowed under the price control formula; Revenue, sources
 - role of Transco 4.8-4.18
 - separation from gas supply 3.4, 3.6, 3.8
- Transportation business, *see also* Pipelines; System management
- Transportation formula-*see* Price control formula
- Turner, R, Mr, views 12.225
- UK companies
 - cash flow return on investment 12.217
 - profitability 6.71-6.72
- UK Shareholders Association, views
- UK-Link-*see* Information systems
- Unaccounted-for gas-*see* Shrinkage
- Unbundling-*see* Competition
- Unit investment costs 2.156, 8.12, 8.16, 8.27, 8.41, App 8.2
- United Gas Company Limited, views 11.86-11.99
- United Kingdom Shareholders' Association, views 12.226-12.229

Utilities

compared with gas industry 8.7, 11.2, 11.14,
11.17, 11.33, 11.58, 12.196, 13.56

(*see also* Electricity industry; Telecommunications
industry; Water industry)

Utility Buyers Forum, views 12.128-12.135

Value added tax (VAT) 6.26

W S Atkins

review of capital expenditure 2.73, 2.100,
2.144-2.145, 2.149, 2.152, 2.156, 7.35, 7.40,
8.3, 8.7-8.12, 8.26-8.30, 8.31-8.32, 8.34-8.36,
8.41-8.45, 8.51-8.52, 10.3, 10.8, 10.64-10.66,
10.69, 10.72, 12.14, 13.65, 13.81-13.85,
13.86-13.87, 13.92, 13.94, App 8.1-App 8.7
(*see also* Capital expenditure)

Water industry

compared with gas industry 9.5, 10.86, 11.6-11.7,
12.14, 12.61, 12.168, 13.40, 13.54, App 8.1

price control formula 5.27

Weather

effects on demand forecasts 4.27, App 8.3

effects on emergency work 4.47

effects on revenue 2.122, 11.60

effects on volume growth 5.28-5.29, 12.101

Weighted average cost of capital 6.60, 6.66

(*see also* Cost of capital)

YE Gas Limited, views 11.100