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8th January 2010

Re: UNC Modification Proposal 0231V “Changes to the Reasonable Endeavours Scheme to better incentivise the detection of Theft”

Dear John

Thank you for the opportunity to comment upon this Modification Proposal. Wales & West Utilities Ltd (WWU) are fully supportive of any measures that seek to improve the levels of theft of gas detection.

Unfortunately, for reasons explained in more detail below, we can only offer **qualified support** for the implementation of this Modification Proposal at this stage.

As mention above, we support the principle of this Modification Proposal but have the following concerns that are preventing us from offering our full support. If the Authority were to direct us, the Transporters, to implement this Modification Proposal then the issues relating to Standard Condition 7 of our transporter licence would need to be addressed before we could do so.

1) Dual governance under Licence and the UNC

By placing the table within UNC TPD Section S Annex S-4 will create a level of dual governance which is not acceptable or appropriate. This matter has been discussed at length at the Distribution Workstream and will need to be progressed and resolved by the Authority if the Modification Proposal is to be implemented.

2) Reasonable Endeavours Document as a UNC Related Document

The Reasonable Endeavours Document, as drafted, will remain an obligation under Standard Condition 7 of our licence. As a UNC Related Document, this becomes a joint document rather than Transporter specific. The modification process for the UNC Related Document is to be by way of a UNC Modification Proposal. These changes are not acceptable whilst the production of the Reasonable Endeavours Document remains an obligation under Standard Condition 7 of our licence as it places us in an untenable position. To resolve this matter there would need to be further changes made to our existing licence condition.

24 hour gas escape number
Rhif 24 awr os bydd nwy yn gollwng

0800 111 999*

*calls will be recorded and may be monitored
caiff galwadau eu recordio a gellir eu monitro

Wales & West Utilities Limited
Registered Office:
Wales & West House, Spoooner Close, Coedkernew, Newport NP10 8FZ
Registered in England and Wales: No. 5046791

3) Shipper analysis of actual costs and validation by the Transporter Agency

During the development of Modification Proposal 0231/0231V Ofgem requested cost analysis information to be provided by Shippers/Suppliers. We believe that 2 organisations have provided information directly to Ofgem on a confidential basis and hope that this has been sufficient enough for the revised values in the proposed UNC TPD Section S Annex S-4 to be justified.

The proposed values are on an actual cost basis unlike the majority of the existing fixed values. We would like to make it clear, as we have done in previous discussions, that we would not require the Transporter Agency to validate claim amounts (apart from limiting a single category payment to £1,000) if this Modification Proposal is implemented. We do not require this matter to be addressed in order for us to support implementation.

4) Modification Proposal Appendices

The Appendices to the Modification Proposal all relate to Wales & West Utilities Ltd (known as Blackwater 2 Ltd for the purposes of Distribution Network sales). Our understanding is that this Modification Proposal would relate to all Distribution Networks and that the WWU related appendices have been used merely as an example. As above, this is a matter of clarification rather than an issue that would be required to be resolved prior to implementation.

If there is any further information that the Authority require from us to enable them to come to an appropriate decision, regarding whether to direct implementation of Modification Proposal 02312V, we would, where possible, happily provide this. We would also be happy to discuss any potential licence changes that may be required in order to resolve the issues identified in this representation.

If anyone has any questions relating to this representation then please do not hesitate to contact me.

Yours sincerely

{By email}

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