



Julian Majdanski
Joint Office of Gas Transporters
51 Homer Road
Solihull
B91 3JQ

Wales & West House
Spooner Close
Celtic Springs
Coedkernew
Newport NP10 8FZ
T. 029 2027 8500
F. 0870 1450076
www.wwutilities.co.uk

Tŷ Wales & West
Spooner Close
Celtic Springs
Coedcernyw
Casnewydd NP10 8FZ

29th June 2007

Re: UNC Modification Proposal 0136V “Reconciliation following AQ Amendment where an SSP becomes an LSP prior to calculation of Provisional Annual Quantity”

Dear Julian

Thank you for the opportunity to comment on the above UNC Modification Proposal, the implementation of which WWU supports.

Ofgem did not direct implementation of Modification Proposal 0096 as they felt that the exclusion contained within UNC (section E7.4.3 (c)) and the ability to avoid the revision charge provides an incentive on shippers to proactively monitor, and pursue, threshold crosser appeals. They also stated this should provide administrative efficiencies by encouraging appeals to be made throughout the year.

Although we agree with this argument it has to be weighed up against the recent evidence that has been provided indicating that £10M of misallocation took place between the Small Supply Point and Large Supply Market markets in the 2005/06 Gas Year.

The Proposer has attempted to enhance this Proposal, in comparison to Modification Proposal 0096, by limiting the resulting Annual Quantity Revision Difference Transportation Charge to 90% of its true value, we welcome the clarification provided as to when this applies.

We believe that the inclusion of the 90% factor does provide an improved balance between ensuring that Shippers continue to have an incentive to monitor and pursue threshold crosser appeals, whilst ensuring that energy is allocated to the correct market sector.

We fully agree with the statement within the Proposer’s own representation that as RbD Shippers alone will ultimately fund this incentive and receive the subsequent benefits, it would seem appropriate that responses from RbD Shippers should be given key consideration as part of the consultation process.

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, Spooner Close, Coedkernew, Newport NP10 8FZ
Registered in England and Wales: No. 5046791



If you have any questions relating to this Representation please do not hesitate to contact me.

Yours sincerely

Simon Trivella
Commercial Analyst
Wales & West Utilities