

Representation For. 0026

"Application of Charges consistent with Late Payment of Commercial Debts (interest) Act 1998"
Version 1.0

Date of Communication: 16/09/2005
External Contact: N Valecha (Regent Gas)
Slant: Against
Strictly Confidential: No

Abstract

Regent Gas opposes the above modification report and uses the following arguments to support its position

- 1) Transco already has other remedies in force for late payments. These include late interest charges of 3% over base together with the powers to implement sanctions against shippers for late payment of invoices with value greater than £10,000-00
- 2) In addition to sanctions, Transco already requires credit to be placed with them which covers more than 100% of any invoice which may be delayed. Further Transco always holds security more than value of one month's invoices.
- 3) Delays may be caused by genuine administrative difficulties (eg staff being sick, on holidays etc) in small shippers. If these charges and higher interest were in force, it would cause an unfair financial burden on them.
- 4) Cashflow can be tight at times for small shippers and applying these charges will add additional burden.
- 5) As a small shipper, we received 175 invoices from transco in 2004/05. 55% of these invoices were below £1,000 and 35% were less than £100. Therefore applying £40-00 surcharge for delayed payment will be very severe.
- 6) The Act does not need to be applied if there are other remedies in place.

In summery, Transco has sufficient powers to make shippers comply with its current credit terms of 12 days. Therefore additional remedies appear draconian and unnecessary so this modification should be rejected.

Regards

Nandlal Valecha
Regent Gas Ltd