

Representation For. 0073

"Revision to the Notice Period regarding the implementation of changes to Transportation Charges"
Version 1.0

Date of Communication: 06/03/2006
External Contact: Liz Spierling (Wales & West Utilities) (Wales & West Utilities Ltd)
Slant: Against
Strictly Confidential: No

Abstract

Thank you for providing Wales & West Utilities (WWU) with the opportunity to comment on this modification proposal.

WWU is not supportive of the proposal.

The proposal seeks to extend the notice period for changes to charges to 4 months. This extension would require Transporters to publish prices prior to the completion of the Regulatory reporting cycle for the previous year.

1 Impact on Accuracy

Volume data is collated using previous year's actuals and forecasts based on the Transporting Britain's Energy consultation. Neither of these processes would be completed in time to be factored in to a June 1st price. This would lead to any proposed changes being less accurate, potentially leading to under or over recovery. Shippers have noticed the impact of this previously where the indicative charges, published on 1 May 2005, were different to the final charges, published on 1 August 2005 after the May forecasts had been factored into the calculations.

Another factor that can have an impact on the final charges is the Mains Replacement data. This information has to be submitted to Ofgem in July each year and is therefore just available to be included in the final charges. Again, if predicted figures had to be used to produce final charges earlier in the year, this is another area where uncertainty could impact on accuracy.

2 Impact on Volatility

Under the DN Licence, WWU is required to use reasonable endeavours to only change charges once per year. However if charges were to be published by 1 June, the basis of their calculation would have more built in inaccuracy. DNs also have an obligation to endeavour not to over-recover which is a stronger Licence obligation and therefore could lead to DNs proposing additional charging changes to prevent a Licence breach if an over-recovery was projected.

3 Conclusion

Given the above, WWU does not believe that the proposal furthers the relevant licence obligation A11.1(c) "the efficient discharge of the licensee's obligations."