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27th November 2006

Re: UNC Modification Proposals 130 “Management of erroneous Domestic AQs during the Registration process”

Dear Julian

Thank you for the opportunity to comment on the above UNC Modification Proposal.

We have reviewed this proposal based on the extent to which implementation of the proposed modification would better facilitate the relevant objectives, the implications of implementation for Transporters and the perceived advantages / disadvantages.

Extent to which implementation of the proposed modification would better facilitate the relevant objectives

Securing effective competition between relevant suppliers and shippers (paragraph (d) & (ii)) – This Proposer has identified that this will remove inappropriate cost allocations and that the change of supplier process will be more efficient due to less information being required from the customer. We do not believe this proposal will better facilitate this objective. Where a domestic property has an AQ greater than 293,000 KWh the change of supplier process should identify this and more information from the customer should be required. Inappropriate cost allocations would be avoided if the AQ was correct in the first place and any such cost allocation will be reconciled once the correct AQ is established.

Efficient and economic operation of the pipeline system (paragraph (a)) - The number of domestic properties with erroneous AQ's is very small, as confirmed within the proposal, and will have an insignificant impact on storage / safety monitor levels in an emergency situation. Therefore we do not believe the reasons given within the proposal better facilitate the relevant objective.

Efficient implementation of UNC – It is not clear from the proposal (legal text) the likely impact on Transporters systems and process. The proposal indicates that the criteria for submission of the BTU Form are; 1) where a change of supplier has taken place, 2) where a domestic property has an AQ above 293,000 KWh. If both of these criteria have to be satisfied then, due to the low volume, this would have little impact and cost to Transporters

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

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and could therefore better facilitate the relevant objective. If either criteria have to be satisfied this would allow any domestic AQ to be revised following a change of supplier and could lead to significant volumes being generated with a resulting impact on process and cost.

The implications for Transporters and each Transporter of implementing the Modification Proposal, including

b) Development and capital cost and operating cost implications

If both the criteria mentioned in the Proposal have to be met then volumes will remain low, the processing of this data could be managed manually with no significant development or operating costs. However, if either criteria is sufficient to trigger this process Transporters could be faced with significant operating costs to manage the process and potentially the need to develop system automation (depending on volumes).

C) extent to which it is appropriate to recover the costs, and proposal for the most appropriate way to recover the costs

The Proposer has not put forward any cost recovery mechanism; any additional costs due to system development and operating costs would ultimately be borne by Transporters.

Advantages

- More efficient change of supplier process - Agree, although the AQ amendment may not be as accurate as it could be and additional work will be required by the Transporters as part of a manual process.
- More accurate cost allocations - Agree, although concentrating efforts on ensure an AQ is correct at point of transfer may lead to greater advantages than adopting an 'error management' approach?

Disadvantages

- Implementation Costs - These are undefined and will depend on the point raised previously regarding the necessary criteria for triggering this process.
- Incentive to resolve underlying data issues are reduced - Agree.

Summary

WWU fully support the need for accurate AQ information but believe that this Modification Proposal may allow for unjust AQ amendments to be made and remove the need for the appropriate validation and control that currently exists. However, we do offer **qualified support** on the basis that it can be clarified that both criteria must be met to trigger the process and that volumes are kept to a minimal and managed level. This process should not be seen as an alternative to pursuing and correcting data issues and believe that other initiatives in this area may better facilitate the overall relevant objectives.



Should you have any questions relating to this representation please do not hesitate to contact me.

Yours sincerely

Simon Trivella
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