



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
Coedcerryw
Casnewydd NP10 8FZ

9th November 2006

Re: UNC Modification Proposals 117 “Amendment to Invoice Billing Period”

Dear Julian

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

Wales & West Utilities are not supportive of this Modification Proposal (117) as we have serious concerns regarding the impact on all parties if implemented.

The Modification Proposal (0117) was granted Urgency based on the basis being linked to a specific date related event and also the likelihood of significant commercial impact upon GT's, shippers or consumers. The Proposal would indeed limit the impact, to shippers, of the SE LDZ metering error but would also impact on all invoicing process and procedures without fully considering the implications. Wales & West Utilities did raise an alternate Modification Proposal (0117A) that highlighted a number of issues that were not considered in the original proposal or in the varied proposal. The Modification Proposal (0117A) has since been withdrawn as Urgent Modification Proposal “0122” has been raised. We believe the modification (0122) not only deals with the time bound urgent issue but also the need for detailed development work to be carried out through a review modification in order for robust billing process and procedures to be maintained to protect the whole industry.

The Proposer raises concerns that Shippers will be attributed a proportion of the cost associated with this metering error based on their current market share which may not be representative. This method of cost allocation is not unique to large LDZ metering errors and forms part of day-to-day invoice transactions; it is also worth clarifying that this refers to both credits and debits. Wales & West Utilities recognise that continuing to bill back to February 1998 needs to change but we see no justification for this period to be reduced to 26 months. Any transactions or activities that have not been completed within this 26 month period will not be billed correctly and will therefore compound the issue of misallocation across the community.

The Proposer has also raised concern that the cost of reconciliation will be recovered from customers in general. This can be seen as a circular argument; the 2.4TWh of gas has been consumed by customers, the relevant Transporters have not received the income due, the gas transportation charges passed on to customers are directly impacted by the overall income of

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



Transporters and to restrict the ability to recover revenue within the price control mechanism is wholly inappropriate.

We believe the concern that there is no incentive for Transporters to ensure meters are accurate is not a true and fair statement. Meter accuracy is fundamental at all levels, whether it be an Offtake meter or a domestic supply meter. To limit the billing period to 26 months would in fact lead to less incentive for accuracy of meters, and meter reads, as the invoice query and suppressed reconciliation process could be misused in order for costs to be incorrectly allocated to other parties.

This Proposal has given little regard to the impact to the relevant systems; we do not believe the necessary changes could be made in the required timescales. The suggested approach of phased implementation would not be necessary if the proposal only considered dealing with the urgent issue and did not look to fundamentally change billing process and procedures.

In summary, Wales & West Utilities believes that this modification proposal does not deal with the SE LDZ metering error in a fair and equitable way and will also lead to billing process and procedures being changed in unrealistic timescales to the detriment of the wider community. The recent Urgent Modification Proposal "0122" is an alternative option and we believe this better facilitates a workable and feasible 'urgent' solution. The modification (0122) also recognises the need for further work to be carried out in developing a long term solution, which we fully support.

If you have any questions regarding this Modification Proposal Representation please do not hesitate to contact me.

Yours sincerely

Simon Trivella
Commercial Support Manager
Wales & West Utilities