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27<sup>th</sup> November 2006

**Re: UNC Modification Proposals 122 “Restriction of invoice billing period to Price Control”**

Dear Julian

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

The Modification Proposal (0122) was granted urgency based on it being linked to a specific date related event and also the likelihood of significant commercial impact upon GT's, shippers or consumers; the Farningham Offtake Meter Error. As with urgent Modification Proposal 0117, the suggested change seeks to limit the amount invoiced to Shippers for this particular error reconciliation. The proposed change would not only limit invoices relating to this meter error but would impact on all invoices across all processes. The Proposer has also identified the need for a Review Modification to be raised to look at the longer term arrangements with Invoice Billing Periods - Wales & West Utilities fully support this and look forward to participating in the review.

We have reviewed this proposal based on the perceived advantages on a long term basis and have then measured these benefits against the specific meter error that was the basis for urgency status being granted.

The Proposer has listed the following advantages:

*“A defined date limiting retrospective adjustments adds certainty and is simpler for all parties to operate in terms of invoice generation, invoice validation, query management and dispute resolution”* – We agree that by shortening the period it will partly simplify the process, however, we do not see how this advantage is linked to Urgent matter in question. As part of the proposed review modification we hope to see this advantage being realised by using a fixed period of time for invoicing periods rather than a fixed date.

*“Provides strong incentive upon Transporters to implement and maintain accurate measuring, billing and invoicing systems and processes”* – We disagree with this statement, meter accuracy is fundamental at all levels, whether it be an Offtake meter or a domestic supply meter. Any meter inaccuracy can lead to debits or credits for Transporters and Shippers, we do not see that

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



limiting the invoice period acts as an incentive for meter accuracy or how it specifically relates to the urgent matter in question.

*“Reduces exposure, particularly of smaller players and new entrants, to unforeseen costs” –* The shortening of the invoice billing period will reduce the financial exposure of smaller players and new entrants, however, this is not specific to the urgent matter in question.

*“Prevents perverse incentives to defer resolution of known billing issues” -* We disagree with this suggested advantage. As resolution of ‘billing issues’ will lead to credits and/or debits being generated there is always an incentive to resolve issues and do not believe that any party would defer resolution for financial gain.

Wales & West Utilities Ltd do agree with the Proposer in that reducing the billing period will have some advantages and if carried out as part of a wider review would benefit the industry in general. However, we do not believe that this modification should be approved in order to reduce the financial impact on Shippers and the income for the Transporters, for this isolated meter reconciliation.

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

Yours sincerely

Simon Trivella  
Commercial Support Manager  
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