



Julian Majdanski
Joint Office of Gas Transporters
51 Homer Road
Solihull
B91 3LT

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
Coedcernyw
Casnewydd NP10 8FZ

23rd January 2008

Re: UNC Modification Proposals 0171/0171A “Amendment of “User SP Aggregate Reconciliation Proportion” to incorporate historical AQ Proportions”

Dear Julian

Thank you for the opportunity to comment upon these Modification Proposals.

We are **supportive** of both the original Modification Proposal 0171 and the Alternative Modification Proposal 0171A. At this stage we are unable to express a preference for either of the Modifications.

Both Modifications Proposals would introduce the same regime for reconciliation periods that fall in months ‘post-implementation’ and we agree that the proposed arrangements would target costs more accurately and reduce any barrier to entry for new Users (although we have no evidence that demonstrates the current arrangements do create any level of barrier to entry).

Reconciliation periods that fall in months ‘pre-implementation’ are where these Proposal have alternative arrangements. The original Proposal addresses the issues raised by a number of Users in a previous LDZ Offtake related RbD reconciliation. This is where certain Users were subject to a debit reconciliation for a period prior to their existence.

The Alternative Proposal seeks to leave in place the existing arrangements based on the argument that it is not appropriate to make such retrospective changes to industry codes. Ofgem have stated their position on such issues when making previous Modification Proposal decisions, this position does appear to be in line with the Proposer’s viewpoint.

Ultimately Users will support the Modification Proposal that best protects their business based upon their historic market shares. As a Transporter, we are neutral to the financial outcome of such reconciliations and therefore do not have a preference for either Proposal.

It is worth noting that, with the implementation of Modification Proposal 0152V in April 2008, within 5 years of either Modification Proposal being implemented the ‘differing’ historic arrangements for these Proposals will no longer be applicable (as all reconciliation periods will be ‘post-implementation’ of either Proposal).

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



If you have any questions relating to this Representation please do not hesitate to contact me.

Yours sincerely

Simon Trivella
Commercial Analyst
Wales & West Utilities