

John Bradley
UNC Mod Panel Secretary
Joint Office of Gas Transporters
31 Homer Road
Solihull
West Midlands
B91 3LT

5 November 2008

Dear John,

Re: **UNC Modification Proposal 0220 – Invoicing Arrangements for Late Payments**

Thank you for the opportunity to respond to Modification Proposal 0220. Northern Gas Networks offers this proposal qualified support.

Northern Gas Networks (NGN) agrees with the proposer for the UNC to be amended to provide a defined timescale for the issue of both debit and credit Interest Invoices relating to late payment. Currently UNC Section S 3.5 states “where any amount payable under an Invoice is not paid on or before the due date, the paying party shall pay interest, after as well as before judgment, at the Applicable Interest Rate, on the unpaid amount from the Invoice Due Date until the Day on which payment is made.”

NGN acknowledges that at the moment Shippers are reliant on Transporters to raise the debit/credit Interest Invoice. Under the UNC there is no timescale defined within which the Transporter must raise an Interest Invoice and Shippers are unable to raise such ad-hoc Invoices. Although NGN has procedures in place to raise interest Invoices on a monthly basis, it understands the concerns of the proposer that the lack of defined timescales could result in interest Invoices not being raised in a timely manner.

NGN is concerned however regarding the timing of the date of issue. Currently ad-hoc invoice rules are laid out in the Operational Rules Governing the Supply of Invoice Charges via the Ad-Hoc Process. Under this document supporting information for ad-hoc invoices will be issued to Users “at least five days in advance of the invoice”. In order for this supporting information being issued, there is a process whereby the Transporter and xoserve exchange various data in order that the Transporter can generate the correct supporting information. This process usually takes 1-2 days.

Therefore, for the invoice to be issued within 35 days of the late payment, the transporter must begin the process ($35-5-2=28$) by the 28th day after the late payment is received. While this may seem a reasonable timescale it is possible that a monthly process such as that operated by NGN may miss the 35 day deadline as shown in the diagram below.

