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6th November 2008

Re: UNC Modification Proposal 0220 “Invoicing Arrangements for Late Payments”

Dear John

Thank you for the opportunity to comment upon this Modification Proposal, I can confirm that we (WWU) **support** its implementation.

However, we believe that the Workstream discussions, which led to amendments being made to the original draft version of the Modification Proposal, have eroded some benefits offered by the original.

1. The Modification Proposal

The Modification Proposal seeks to place an obligation on Transporters to raise credit / debit Interest Invoices, as allowed for in UNC TPD Section 3.5, within 35 days after the date of late payment.

We agree that it is unacceptable that some Industry parties (Users) may have no option but to wait for payment of interest and compensation when the offending party (a Transporter) can be the only party able to progress the issue.

We were supportive of the amendment to the draft Modification Proposal to extend the deadline to 35 days, however, other amendments to this Modification Proposal have taken out the Users right to offset the charge if the relevant Transporter does not raise the credit Interest Invoice.

If a Transporter does not raise a credit Interest Invoice within the within the 35 days there does not appear to be any suitable remedy for the User. The Transporter would be in breach of its UNC obligations although this would not allow the User to recover the Interest amount. It also appears that, subsequently, the incentive to raise such a credit Interest Invoice would then no longer exist, as the breach would have already taken place. The original proposal allowing a User to off-set the interest amount would have been a beneficial and suitable solution to this.

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

Standard Special Condition A11.1 (a): the efficient and economic operation of the pipe-line system to which this licence relates;

We agree with the Proposer in that implementation of this Proposal is not expected to better facilitate this relevant objective.

Standard Special Condition A11.1 (b): so far as is consistent with sub-paragraph (a), the coordinated, efficient and economic operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters;

We agree with the Proposer in that implementation of this Proposal is not expected to better facilitate this relevant objective.

Standard Special Condition A11.1 (c): so far as is consistent with sub-paragraphs (a) and (b), the efficient discharge of the licensee's obligations under this licence;

We agree with the Proposer in that implementation of this Proposal is not expected to better facilitate this relevant objective.

Standard Special Condition A11.1 (d): so far as is consistent with sub-paragraphs (a) to (c) the securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers;

We agree with the Proposer in that implementation of this Proposal is not expected to better facilitate this relevant objective.

Standard Special Condition A11.1 (e): so far as is consistent with sub-paragraphs (a) to (d), the provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards (within the meaning of paragraph 4 of standard condition 32A (Security of Supply – Domestic Customers) of the standard conditions of Gas Suppliers' licences) are satisfied as respects the availability of gas to their domestic customers;

We do not believe that implementation of this Proposal will better facilitate this relevant objective

Standard Special Condition A11.1 (f): so far as is consistent with sub-paragraphs (a) to (e), the promotion of efficiency in the implementation and administration of the network code and/or the uniform network code.

The implementation of this Modification Proposal will place obligations upon Transporters to raise debit and credit Interest Invoices in appropriately defined timescales. By ensuring that the requirements within UNC TPD Section S 3.5 are carried out in a timely manner we believe that implementation of this Proposal will better facilitate this relevant objective by increased efficiency in the administration of the Uniform Network Code.

3. The implications of implementing the Modification Proposal on security of supply, operation of the Total System and industry fragmentation

We do not believe that there are any implications on security of supply, or operation of the Total System.

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

a) Implications for operation of the system

We do not believe that implementation of this Proposal will present such implications

b) Development and capital cost and operating cost implications

There are no development or capital costs implications for WWU.

c) Whether it is appropriate to recover all or any of the costs

No cost recovery would be necessary

d) Analysis of the consequences (if any) this proposal would have on price regulation

We do not believe there would be any consequences on price regulation from the implementation of this Proposal.

5. The consequence of implementing the Modification Proposal on the level of contractual risk of each Transporter under the Code as modified by the Modification Proposal

Although the implementation of this Modification Proposal places timescales on an existing obligation we do not believe that this increases our (WWU's) level of contractual risk under the Code. We are not aware of any reason why this would differ for any other Transporter.

6. The development implications and other implications for the UK Link System of the Transporter, related computer systems of each Transporter and related computer systems of Users

There are no development implications for the UK Link System of the Transporters or any WWU related computer system

7. The implications of implementing the Modification Proposal for Users, including administrative and operational costs and level of contractual risk

Implementation of this Modification Proposal will ensure that Users receive debit / credit Interest Invoices within a specified timescale, this may, marginally, reduce their contractual risk.

8. The implications of implementing the Modification Proposal for Terminal Operators, Consumers, Connected System Operators, Suppliers, producers and, any Non Code Party

We do not believe that implementation would result in any such implications

9. Consequences on the legislative and regulatory obligations and contractual relationships of each Transporter and each User and Non Code Party of implementing the Modification Proposal

We do not believe that implementation would result in any such implications

10. Analysis of any advantages or disadvantages of implementation of the Modification Proposal

a) Advantages

The implementation of this Modification Proposal will place further obligations on Transporters to raise any necessary debit / credit Interest Invoice in a timely manner. This should provide Users sufficient guarantee that any amounts due to them (via a credit Interest Invoice) are not unduly delayed by the relevant Transporter.

b) Disadvantages

The original draft version of the Modification Proposal included the ability for the User to net off any credit Interest Invoice amount, that has was not raised within the required timescale, of a suitable debit Invoice. We believe that, by removing this, it has diminished the potential benefits of the Modification Proposal. This Modification Proposal does not provide the User with any suitable remedy, to recover the interest amount, should a Transporter not comply with its obligation.

12. The extent to which the implementation is required to enable each Transporter to facilitate compliance with safety or other legislation

Implementation of this Modification Proposal is not required to enable us to facilitate compliance with safety or other legislation.

13. The extent to which the implementation is required having regard to any proposed change in the methodology established under paragraph 5 of Condition A4 or the statement furnished by each Transporter under paragraph 1 of Condition 4 of the Transporter's Licence

Implementation is not required due to any change in methodology or statement governed by our Licence.

14. Programme for works required as a consequence of implementing the Modification Proposal



No works are required as a consequence of implementing this Modification Proposal.

15. Proposed implementation timetable (including timetable for any necessary information systems changes and detailing any potentially retrospective impacts)

There would be no system impacts for WWU as a result of implementation of this Proposal and would suggest a short lead time would be sufficient to ensure the appropriate administrative procedures are in place. We would expect that such lead time would be no more than 1 month.

16. Implications of implementing this Modification Proposal upon existing Code Standards of Service

There would be no implications on Code Standards of Service resulting from the implementation of this Modification Proposal.

19. Legal Text

Suggested legal text has not been provided for this Proposal

If you have any questions relating to any element of this Representation then please do let me know.

Yours sincerely

Simon Trivella
Commercial Manager
Wales & West Utilities