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6th November 2008

Re: UNC Modification Proposal 0226 “Additional Data Requirements for the Administration of CSEP Supply Points”

Dear John

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

1. The Modification Proposal

The Modification Proposal has been produced following lengthy discussions at Review Group 0157 (Review of IGT Settlement and Reconciliation Arrangements) and subsequently at the Ofgem led iGT CSEP NExA working group.

The Modification Proposal offers practical solutions that will aid the iGT settlement and reconciliation process and also goes some way to deal with the concept of “nested-CSEPs” (an iGT network where the upstream Transporter is another iGT).

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;

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

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;

The implementation of this Modification Proposal may lead to an improvement in the iGT settlement and reconciliation process by allowing for charges to be more appropriately allocated across Users. In doing this we believe that this will help to secure the effective competition between relevant shippers.

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.

We agree with the Proposer that the implementation of this Modification Proposal will better facilitate this relevant objective by improving the information that is passed between DNOs and iGTs in accordance with Annex A of the LDZ CSEP NExA.

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 will be development costs associated with the implementation of this Modification Proposal as there will be changes to the D01 file format (as contained in Annex A of the CSEP NExA). There will be additional changes required to the CSEP systems operated by xoserve to account for these file format changes, an additional LMN reconciliation response file and additional validation criteria.

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

No cost recovery has been proposed or will 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

We agree with the Proposer that the implementation of this Modification Proposal will result in a reduced level of contractual risk for each 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 will be development costs associated with the implementation of this Modification Proposal as there will be changes to the D01 file format (as contained in Annex A of the CSEP NExA). There will be additional changes required to the CSEP systems operated by xoserve to account for these file format changes, an additional LMN reconciliation response file and additional validation criteria.

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

No such Implications have been identified.

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

iGTs will be required to amend their own computer systems to allow for the changes to the D01 file format and receive the additional reconciliation response file. Although it would have been beneficial for these file format changes to have been fully detailed within this Modification Proposal, it was not thought to be necessary at this point in time. The approximate scale of the system changes should be known by all parties concerned and to have developed the definitive

system solution, prior to this Consultation Phase, would not have been an efficient use of time or money.

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

- i) Allows for a greater number of D01 files to be accepted by the transporters agent in a timelier manner
- ii) Any rejected D01 files will be easier for all parties to resolve due to the additional information required (if provided)
- iii) Offers a practical solution for “nested-CSEPs” in allowing the relevant iGT to deal directly with the transporters agent.
- iv) Introduces a mechanism for confirming successful / unsuccessful LSP reconciliations with the iGTs.

b) Disadvantages

System changes would be required as a result of the implementation of this Proposal. However, these changes are not significant when compared to the potential benefits that this Modification Proposal has to offer.

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)

The implementation of this Modification Proposal would need a sufficient lead time in order for the necessary system changes to be made. We would suggest that a 6 month period may be suitable, however, further discussion may be required in order to establish suitable timescales.

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. The implementation of this Modification Proposal will make changes to Annex A of the LDZ CSEP NExA which does not form part of the UNC (although is subject to the UNC Modification Rules).

In summary, I can confirm that we believe that the implementation of this Proposal offers a suitable and pragmatic solution in regards to some of the issues with settlement and reconciliation on iGT networks.

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