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6th January 2011

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Re: UNC Modification Proposals 0344 (“Removal of the D+1 11am meter read liabilities regime for DM voluntary (DMV) Supply Points”)

Dear Bob,

Thank you for the opportunity to comment upon this Modification Proposal. As the Proposer, Wales & West Utilities Ltd (WWU) are **fully supportive** of the implementation of this Modification Proposal.

The Modification Proposal clearly sets out the nature of the proposed changes and the justification for doing so. We have added some additional comments below; these are, where applicable, under the various section headings within the Draft Modification Report.

Why change?

We have nothing further to add to the detail provided within the Modification Proposal.

Solution

Comments have been raised within industry discussions that the removal of these liabilities are in contrast to the arrangements in place for Daily Metered Elective (DME) sites (introduced through implementation of Modification Proposal 0224 on 21st November 2010). Under the DME regime, Users are able to install their own Daily Read Equipment but will incur a £2 performance charge where they fail to submit less than 97.5% of the required Valid Meter Reads on any given day. This performance measure mirrors the existing liability that this Modification Proposal seeks to remove (for Daily Metered Voluntary sites) albeit with a £2 multiplier rather than £30.

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
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Comments have been made that this Modification Proposal could have reduced the liability from £30 to £2 to be aligned with the DME regime. After considering this point we, as the Proposer, took the decision to retain the intent to remove the liability entirely. The basis of this is that the £2 performance charge was introduced during the development of Modification Proposal 0224 and was a Shipper requirement. Our understanding is that this was to offer some level of protection to other, non-participating, Shippers. Any amounts billed by Transporters would be treated as allowed revenue and therefore shared back to Shippers through Transportation Charges.

Legal Text

Draft suggested legal text has been provided separately for this Modification Proposal. We would welcome comments on the suggested text as part of the consultation process or separately if preferred (directly or via the Joint Office).

Impacts and Costs

There may be minor costs to the Transporters and/or to their Daily Metered Service Provider (DMSP) as they would need to treat DMV Supply Meter Points differently for calculation of liabilities. These costs are not thought to be material or significant.

Implementation

This Modification Proposal could be implemented reasonably soon following a direction to implement from the Authority.

This Modification Proposal was raised at the same time as Modification Proposal 0345 (*“Removal of Daily Metered voluntary regime”*). For clarity, the two Modification Proposals are **not** mutually exclusive as either, or both, could be implemented.

The Case for Change

We have nothing further to add to the justification for change provided in the Modification Proposal.

Recommendation

Based on the information provided within the Draft Modification Report, and the comments made above, we are supportive of this Modification Proposal being made.



Hopefully these comments are helpful to the Modification Panel and to the Authority; please do not hesitate to contact me should you have any questions relating to this matter.

Yours sincerely

{By email}

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