

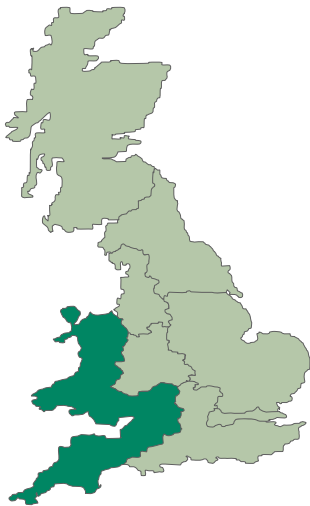


Overview of Wales & West Utilities

Liz Spierling – Commercial Manager

10th July 2006

Wales & West Gas Network

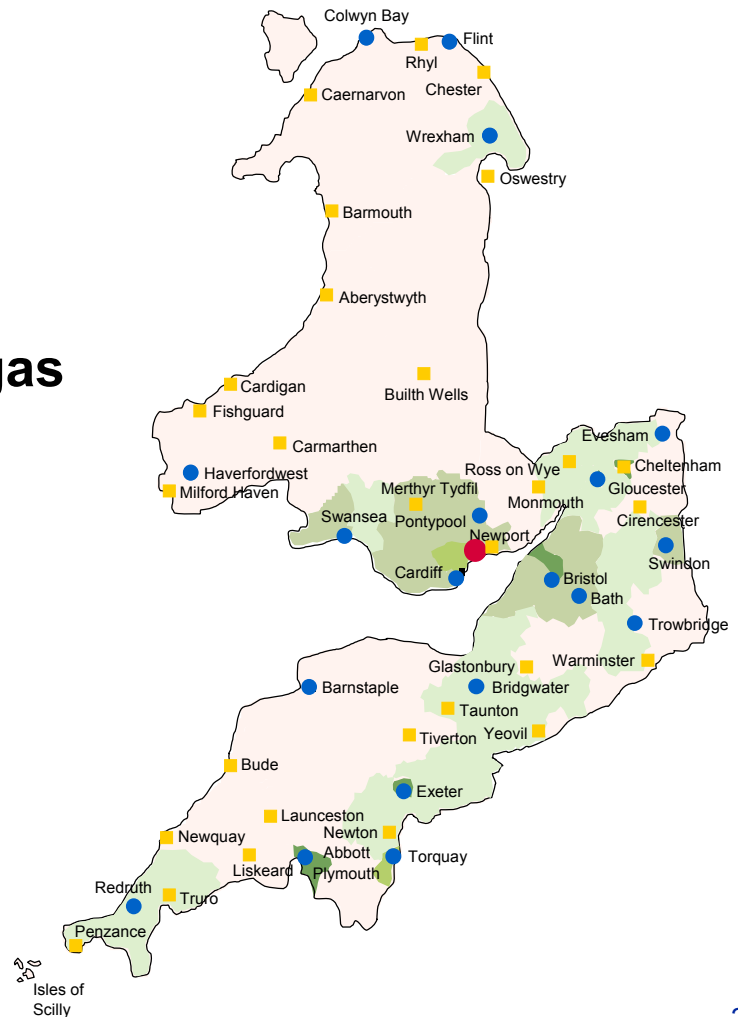


- **Serving 2.3m gas consumers**

Population Density



- **Head Office**
- **Operational Sites**

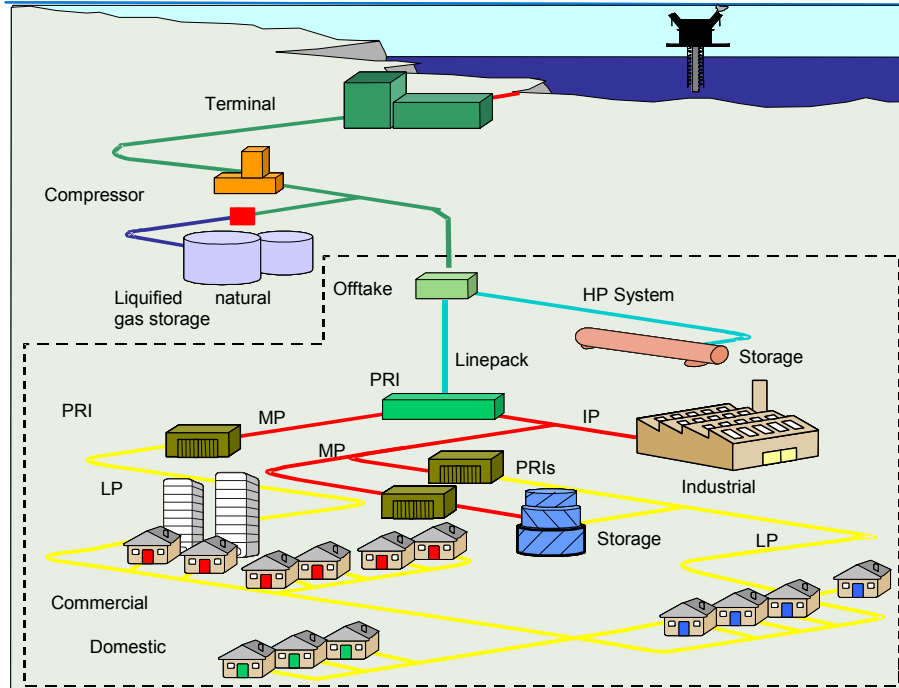


Key Obligations

- 1** **Develop and maintain a safe and secure gas distribution network**
- 2** **Provide 24 hour emergency service**
- 3** **Meet customer service standards**
- 4** **Provide connections and meters on request**
- 5** **Facilitate competition in supply of gas**

Overview of Assets and Employees

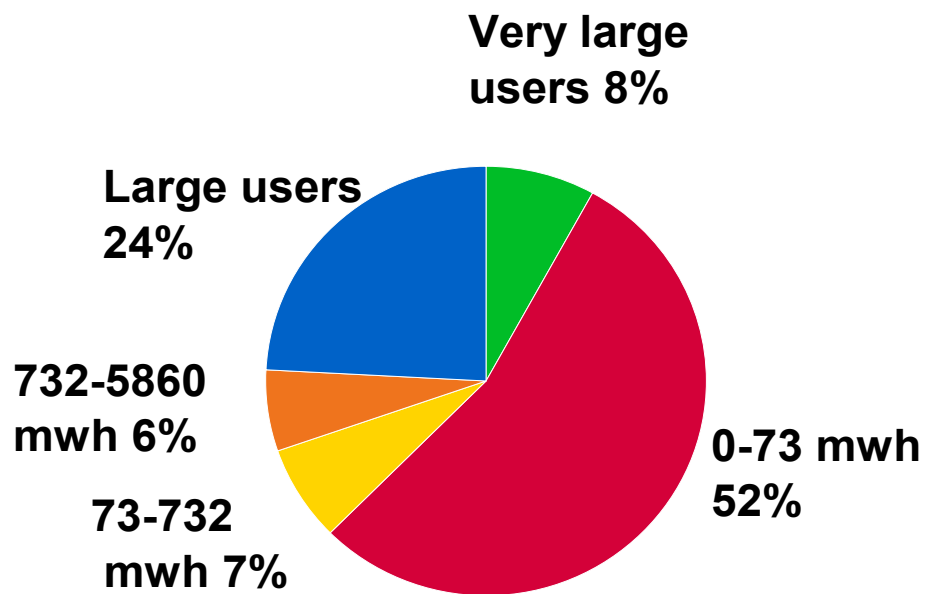
Gas Transportation System



- **500 Staff**
- **750 Industrial Staff**
- **Over 500 contractors**
- **Single administrative office**

Gas Throughput

Gas Throughput Volume by Load Band



Assets

- 2,500 km of High Pressure distribution mains >7bar
- 15 Offtakes from National System
- 30,000 km < 7bar,
- 51% PE / 49% metallic



Our Challenges – year 1 and beyond



- **Single Office**
- **Network Service Agreements and other Contracts**
- **Developing our Growth Strategy**
- **Restructuring the Business**
- **Transform Project**
- **Regulatory issues**

Our Challenges – year 1 and beyond

- **Single Office**
 - **WWU inherited 3 main administrative sites**
 - **July 16th move to Wales & West House completes**
 - **Brand new, fit for purpose office on the western edge of Newport, Gwent adjacent to M4 motorway**



One stop shop - faster issue resolution

Our Challenges – year 1 and beyond



- **Network Service Agreements and other Contracts**
 - Legacy support from National Grid
 - Emergency call handling (0800 111999) – enduring
 - System Operations Managed Service Agreement (SOMSA) – exit will align with new price control
 - Strategy for Engineering Period Contracts

Lower costs => lower charges

Solutions tailored for our business model

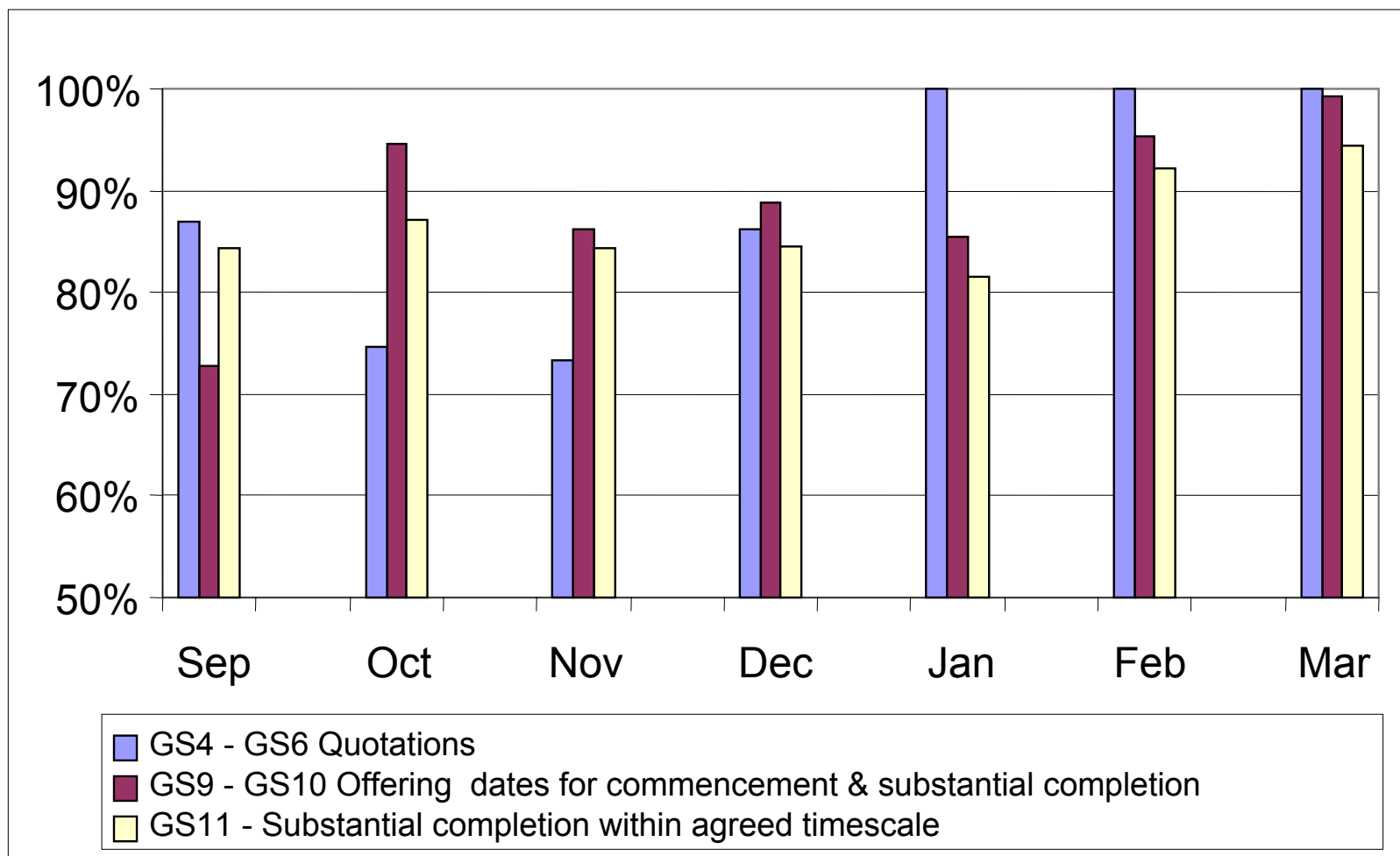
Our Challenges – year 1 and beyond



- **Developing our Growth Strategy**
 - **Phase 1 – reintegrate the “Connections Business”**
 - **Exited Fulcrum contract on September 1st**
 - **WWU Connections now delivering consistent, excellent service to customers**

Improved Performance

Connections Performance Sept 05 – Mar 06



Our Challenges – year 1 and beyond



- **Developing our Growth Strategy**
 - **Customer Satisfaction Survey**
 - Quarterly survey - 800 customers affected by repair or replacement works
 - Latest results available for all DNs were for Oct – Dec 2005, WWU received the highest score in the repair& replacement survey
 - **Energywatch Complaints**
 - significant reduction, zero in May 2006
 - **Connections Guaranteed Standard Payments**
 - exceeding all standards

Improved Performance

Our Challenges – year 1 and beyond



- **Future Developments**
 - **New Housing**
 - **Network Extensions “Infills”**

Spreading costs over a wider customer base

Our Challenges – year 1 and beyond



- **Restructuring the Business**
 - Developed “Back Office” departments
 - Populated Connections organisation
 - Single administration office – common working practices
 - Integration of Operational work groups
 - Contracting strategy

More efficient front line delivering a slicker service

Our Challenges – year 1 and beyond



- **Transform Project**
 - New suite of WWU computer systems to replace the inherited NG systems (as supplied under FOMSA)
 - WWU first iDN to exit FOMSA
 - Tranche 1 (above ground assets) completed
 - Tranche 2 (below ground assets) completed
 - Tranche 3 (emergency & meterwork) due for completion late July
 - Data improvements - visibility, accuracy and timeliness

Enhanced Customer Experience
Improved Performance

Our Challenges – year 1 and beyond



- **Regulatory issues**
 - **Gas Distribution Price Control Review**
 - Extension review underway
 - Main review starts soon
 - **Exit Reform**
 - **Interruption Reform**
 - **Distribution Transportation Charging Methodology**

One guaranteed outcome - incentives for more proactive demand management.

Thank You...