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3<sup>rd</sup> August 2007

**Re: UNC Modification Proposals 0152V / 0152AV / 0152VB “Limitation on Retrospective Invoicing and Invoice Correction”**

Dear Julian

Thank you for the opportunity to comment upon these Modification Proposals.

We are fully supportive of the underlying principle of these Modification Proposals, the introduction of annual rolling restricted invoice period, and a summary of our current position on these is as follows:

Modification Proposal 0152V (“5 year model”) – **Support**

Modification Proposal 0152VB (“6 year model”) – **Support**

Modification Proposal 0152AV (“7 year model”) – **Qualified Support**

**1. The Modification Proposals**

The work carried out by Review Group 0126 “*Restriction of Invoice Billing Period*”, in which we actively participated, considered various options of a restricted billing period and the detailed business rules that would allow it to operate. xoserve presented the group with data relating to the amount of deemed energy that had remained un-reconciled over time. The group had to, as ultimately respondents to this Proposal will, make a judgement on the amount of un-reconciled energy that is acceptable to fall outside of any restricted billing period. For clarity, the un-reconciled energy referred to may have been allocated correctly and therefore the significance of any reconciliation will reduce even further.

Initially the group considered a 3-4 year period (known as the “4 year model”) and a 4-5 year period (known as the “5 year model”), After considering the options the Group felt that the amount of un-reconciled energy that would be effectively ‘closed-out’ if the 5 year model was introduced was insignificant. The energy accounts for approximately 1% of total system throughput and, as mentioned above, even if this energy was to be reconciled the proportion of correct allocation may further reduce its significance. It is also worth pointing out that even if a new restricted billing

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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period was not introduced, i.e. the current 1<sup>st</sup> February 1998 date remained in place, a proportion of this energy will never be reconciled.

Later on in discussions within Review Group 0126 the NTS Shrinkage Provider raised concern that NTS / LDZ Offtake Metering Errors had not been accounted for in the analysis. Graphical data was provided to the group to demonstrate the amount of energy, and potential cost, which would not be reconciled, if a 5 or 6 year model (4-5 year or 5-6 year period) was introduced. In light of this data the NTS Shrinkage Provider expressed a preference for the 6 year model and this is reflected in the Review Group 0126 Report. The overall figures that support this view are heavily skewed by the Farningham incident and are also absolute values (whether the measurement error is an over registration (debit to RbD) or under registration (credit to RbD) is not considered).

The Proposer of Modification 0152AV has put forward a 7 year model (as would be defined by Review Group 0126) based mainly on commercial and contractual arrangements that sit outside of UNC arrangements. Concern has been raised regarding a restricted invoice billing period that falls short of a 6 year period and any interaction with the Limitations Act 1980. We do not believe this is a material issue and, with the current billing cut off period being 1<sup>st</sup> February 1998, it has only been since 1<sup>st</sup> February 2004 that the billing period has been more than 6 years. We are also not aware of the materiality of such customer claims relating to over registration of I&C meters that span such a time period. However, we do offer qualified support for Modification Proposal 0152AV as it does introduce a rolling restricted invoice billing period, as supported by Review Group 0126, and this is preferred to current arrangements despite our concerns with the justification for it.

In summary, we are fully supportive of the introduction of a rolling restricted invoice billing period to replace the current date of 1<sup>st</sup> February 1998. As a Transporter the impact of the different periods put forward in the various Proposals is relatively insignificant. We do have a preference of the 5 year model suggested in Proposal 0152V but acknowledge that ultimately the Shipper community view on this may warrant greater consideration.

If you have any questions relating to this Representation please do not hesitate to contact me.

Yours sincerely

Simon Trivella  
Commercial Analyst  
Wales & West Utilities