

Representation

Draft Modification Report

0382 - Reducing the capacity element of LDZ system charges for SSPs

Consultation close out date: 12 September 2011

Respond to: enquiries@gasgovernance.co.uk

Organisation: Wales & West Utilities Ltd

Representative: Simon Trivella

Date of Representation: 12 September 2011

Do you support or oppose implementation?

Support/~~Qualified Support~~/~~Neutral~~ **Not in Support** /Comments

Please summarise (in one paragraph) the key reason(s) for your support/opposition.

The move to 95%/5% Capacity/Commodity split of Transportation System Charges was implemented in October 2008 following a consultation with interested parties - Consultation document DNPC03 refers. The analysis clearly showed that the majority of costs relate to our asset base which we would incur regardless of movements in throughput and were therefore more aligned to a Capacity charge. The Commodity charge reflects costs which vary with throughput and from the detailed analysis done under DNPC03 the level of costs which varied with throughput represented only 5% of total System costs.

Under the transporter licence the GDNs have an obligation to ensure that transportation charges are cost reflective and so by making the change to 95%/5% Capacity/Commodity the GDNs were ensuring that they complied with the Licence requirements.

We do not believe that the proposer or the Workgroup have identified any reasons, or provided any justification, for effectively reversing the decision taken following significant industry review back in 2008. We therefore cannot support the implementation of this modification proposal.

Are there any new or additional issues that you believe should be recorded in the Modification Report?

We have not identified any new issues.

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Relevant Objectives:

How would implementation of this modification impact the relevant objectives?

Based on the summary above, we do not believe that implementation of this modification would be consistent with furthering any of the relevant objectives.

Impacts and Costs:

What analysis, development and ongoing costs would you face if this modification were implemented?

n/a

Implementation:

What lead-time would you wish to see prior to this modification being implemented, and why?

If this modification were to be implemented we do not believe it should be any earlier than April 2013.

Legal Text:

Are you satisfied that the legal text will deliver the intent of the modification?

We are satisfied with the legal text that has been provided within the modification report.

Is there anything further you wish to be taken into account?

n/a

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}

Simon Trivella
Regulation & Commercial Manager
Wales & West Utilities
Tel: 07813 833174
E-Mail: simon.trivella@wwutilities.co.uk