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Friday, 8<sup>th</sup> October 2004

## **Gas Quality – Wet Gas Administration Scheme**

Dear Mr Dickinson,

Thank you for the opportunity to respond to your recent consultation regarding the wet gas administration scheme. We welcome Ofgem's review of this issue and the potential opportunity for change that this may bring.

We agree with Ofgem's conclusion that the current scheme is:

1. Inefficient
2. Does not provide robust protection for the majority of customers
3. Creates unfair cross subsidies for a small number of customers

For these reasons we have long believed that change was required and would therefore not be in favour of Option 1 within the consultation for a continuation of the current scheme.

To extend and make the scheme more robust as suggested in Option 2 in the detection of wet gas instances would be prohibitively expensive and result in only extremely minor financial adjustments for a small minority of customers.

The additional costs that the introduction of this scheme would add to all customers would far outweigh any financial adjustments that were made to affected customers. It would also increase the unfair cross subsidy paid by the majority of gas customers including the poorest members of society.

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We are therefore in support of Option 3 presented in the consultation to discontinue the current wet gas administration scheme. The anticipated annual savings of in excess of £1 million to all consumers is a welcome benefit and considering the complexity of administering this scheme for gas supply, shipping and transporting companies' maybe understated.

We would urge that this option is adopted and implemented quickly with all existing wet gas determinations being revoked.

If you have any queries concerning our response then I would be happy to discuss these with you.

Yours sincerely

A handwritten signature in black ink, appearing to read 'AGT Travell', with a stylized flourish at the end.

Alex Travell  
Head of Supplier Management Development