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Dear Peter

Thank you for the opportunity to comment on the consultation document "Gas Quality – Wet Gas Administration Scheme". Transco is supportive of Ofgem's initial proposals and I have outlined below some specific comments.

1. Transco agrees with the proposal by Ofgem that the Wet Gas Administration Scheme should cease.
2. We agree that current wet gas monitoring fails to protect all consumers and that expansion of the scope of testing to provide adequate protection would be at excessive cost, which would ultimately be borne by all consumers.
3. We also agree that the adjustment of affected consumers' gas bills, being based on the assumption that gas is fully saturated with water, results in a less accurate gas bill. Fully saturated gas is a rare occurrence and this point is noted in the Ofgem discussion document.
4. We are of the opinion that no cost-effective scheme could be devised that would result in a more accurate bill for those consumers who receive gas that is considered wet under the present arrangements.
5. Water ingress incidents (associated with third-party damage, for instance) would still require the maintenance of some capability within Distribution Networks to measure water content in order to monitor remediation work. Some hygrometers and associated equipment will therefore need to be retained, maintained and calibrated regularly. However, cessation of the scheme would reduce monitoring costs.
6. Should cessation of the scheme go ahead, there may be some additional one-off costs incurred by Transco in 2005 for items such as decommissioning of test points, processing of financial adjustments following issue of letters of revocation from Ofgem, cancellation of contracts with external service providers, etc.

If I can be of further assistance, please don't hesitate to contact me - details are given above.

Yours Sincerely

Tim Tutton