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Our Reference:

Your Reference:

Date : 5th November 2004

Dear Peter,

Gas Quality – Wet Gas Administration Regime

Thank you for the opportunity to respond to the above consultation. Notwithstanding the historic reasons for the introduction of the current Wet Gas Administration Regime, it is clear that the current regime not only misses some 60%-70% of the potentially affected consumers, but for those that it does cover, it significantly over-compensates them to the expense of all other consumers. However, it is also clear that to operate a scheme that would properly compensate consumers for the impact of the ingress of moisture into their gas consumed would be far in excess of the actual cost of the problem. Therefore, of the three options considered by Ofgem we believe, in line with Ofgem, that the existing scheme should be discontinued, without any other scheme being put in its place. We believe:

- that the current scheme is neither efficient nor cost effective,
- that a more robust and expensive scheme would be a disproportionate response to the issue
- that there is unlikely to exist any other more effective mechanism.

For the above reasons, we believe that the existing Wet Gas Administration Regime should be discontinued releasing a benefit of some £1.1m per year of administration costs to the market.

I hope you find our comments helpful.

Yours sincerely

Robert Hackland
Regulation Manager