



Robert Hull
Director, Transmission
OFGEM
9 Millbank
London
SW1P 3GE

Wales & West House
Spooner Close
Celtic Springs
Coedkernew
Newport NP10 8FZ
T. 029 2027 8500
F. 0870 1450076
www.wwutilities.co.uk

Tŷ Wales & West
Spooner Close
Celtic Springs
Coedcernyw
Casnewydd NP10 8FZ

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Dear Robert

NGG NTS Proposed Licence Modifications

I am writing on behalf of Wales & West Utilities Limited further to the Section 23 notice dated 25 June 2007 proposing to amend the NGG NTS Licence. Our comments are in respect of Special Condition C8B: NTS transportation owner activity revenue restriction, Para 4: Disapplication of the NTS transportation owner activity revenue restriction.

Our main concern with the wording of the current drafting is that the price control can only be ended on 18 months notice ending on 31st March. While this is better than only being able to disapply at the end of the formula period, it does mean, depending on the timing of a request, not being able to force a change to the licence for up to two and a half years. For instance a disapplication request served on 29th September 2008 can be specified to expire on 31st March 2010 however a request served on 1st October 2008 cannot expire until 31st March 2011. This is a significant restriction on the current transmission licence and is not consistent with the existing gas distribution licence, which is 18 months notice expiring at any time. Whilst Ofgem may consider this may be suitable for the risks faced by the Transmission business, this would not be an appropriate modification proposal to mirror in Gas Distribution.

We have also identified a small number of typographical errors:

1. References to "4(g)" should be to "4(f)"
2. The existing paragraph which says "The Licensee may withdraw a disapplication request at any time" should be reinstated. Otherwise one is left with the implication that this is possible (reference in proposed para 4(e) to "and the licensee has not withdrawn the disapplication request") without it being explicit. This is an unsatisfactory position from a drafting point of view.
3. Para 4(e) now in effect gives Ofgem up to 12 months from a disapplication request to decide whether to make a reference to the Competition Commission. They presently have up to 6 months, we would therefore question the need for this to be extended to 12 months

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

Wales & West Utilities Limited
Registered Office:
Wales & West House, Spooner Close, Coedkernew, Newport NP10 8FZ
Registered in England and Wales: No. 5046791



If you require any further information please contact Chris Talbot, General Counsel on chris.talbot@wwutilities.co.uk or 02920 278542.

Yours sincerely,

S.J. Williams

Sarah Williams
Regulation Manager
Tel: 029 2027 8539
Email: sarah.williams@wwutilities.co.uk