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Dear Bruce,

The economic regulation of gas processing services – key issues and initial thoughts

I am writing further to the above consultation, on behalf of Wales & West Utilities (WWU). Our comments on this document relate to competition issues and how this might impact on parties connecting directly to a Distribution Network. Whilst we appreciate that indigenous or embedded sources of gas are small in the scale of the UK, and European, gas market, it is important that any decisions regarding gas processing services are made in cognisance of the impact they could have on these small operators or the Distribution Network Operator.

In April 2007, DNs accepted a licence obligation (Standard Special Condition D12 (SSCD12)) to offer to enter into a gas entry agreement, and set out the terms of the agreement for parties wishing to enter gas directly onto a Distribution Network. Whilst these arrangements appear to be focussed on Storage Facilities they also apply to Coal Bed Methane and Landfill Gas production sites, and onshore Gas Fields. It is likely, in most cases, that there will be a requirement to treat gas from these sources prior to accepting it into the Distribution Network. SSCD12 assumes that the investment required would be funded by the connecting party as part of the Storage Connection Agreement. Whilst this investment could be seen by Ofgem as being small, it could be a significant cost to the operator particularly where the facility has a short lifespan.

I hope that these comments are useful in response to this initial consultation. If you require any further information please contact me using the contact details below.

Yours sincerely,

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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

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