



Gas Transporters, customers and their representatives, and any other interested parties

*Promoting choice and value for all customers*

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Dear Colleague

### **Reporting arrangements applying to gas distribution networks**

The purpose of this letter is to give interested parties the opportunity to comment on the detailed reporting arrangements that will apply from April 2008 to gas distribution networks (GDNs) following the Gas Distribution Price Control Review. Specifically, interested parties have the opportunity to comment on draft versions of:

- the Price Control Review Reporting Rules (also known as Cost Reporting);
- the Revenue Reporting Regulatory Instructions and Guidance;
- the Quality of Service Regulatory Instructions and Guidance.

These documents, and their accompanying reporting templates (in Microsoft Excel format), are attached. Table 1 briefly summarises the three documents.

**Table 1 Summary of reporting arrangements applying to GDNs**

<b>Subject area</b>	<b>Relevant licence condition</b>	<b>Purpose</b>
Cost reporting	Standard Special Condition A40	Provides a framework for the collection of accurate and consistent cost information from the GDNs. This helps Ofgem to understand each GDN's operating and financial performance.
Revenue reporting	Special Condition E20	Provides a framework for the collection of accurate and consistent revenue information from the GDNs. This allows Ofgem to monitor compliance with the price control revenue restriction conditions, and understand the justification for proposed changes in gas distribution charges.
Quality of service	Standard Special Condition D9	Allows Ofgem to monitor and publicise the quality of service provided by GDNs. This creates an incentive for GDNs to improve their quality of service and also helps to identify areas where further regulatory action may be required.

Ofgem has consulted on the reporting arrangements to apply to gas distribution networks as part of the Gas Distribution Price Control Review. In particular, we issued a consultation document on the cost reporting arrangements in July 2007 (Ref. 185/07). We have subsequently developed the detail of our proposals through a series of working groups attended by GDNs and, in the case of the Quality of Service working group, energywatch. The attached documents are the product of the working group process. The Cost Reporting Rules should be regarded as at an earlier stage of development than the other documents.

### *Views invited*

Interested parties are invited to provide their views on the draft versions of the three documents and their accompanying templates. While we welcome views on any relevant issues, respondents may choose to consider the following questions in their responses:

- Are the reporting arrangements set at an appropriate level of detail?
- Is the scope of the reporting arrangements appropriate?
- Do the reporting arrangements omit any relevant categories of information?

When preparing their responses, respondents should keep in mind that Ofgem is unable to adopt suggestions that would make the reporting arrangements inconsistent with the relevant licence conditions.<sup>1</sup>

Responses should be received by 4 April 2008. They should be sent to Gas Distribution Price Control, Ofgem, 9 Millbank, London SW1P 3GE or by e-mail to [gdpcr@ofgem.gov.uk](mailto:gdpcr@ofgem.gov.uk).

Unless marked as confidential, all responses will be published by placing them in Ofgem's library or on the website. It would be helpful if responses could be submitted both electronically and in writing. Any questions on this letter should, in the first instance, be directed to Paul Newman, who can be contacted on 020 7901 7026 or by email at [paul.newman@ofgem.gov.uk](mailto:paul.newman@ofgem.gov.uk).

If, having considered the responses, we make changes to the rules or templates, the final versions will be published on our website.

Yours faithfully,

Kieran Donoghue  
**Head of Gas Distribution Regulation**

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<sup>1</sup> The latest versions of the relevant licence conditions are available on Ofgem's website. See Gas Distribution Price Control: Statutory consultation on the licence modifications (Ref. 13/08).