

Gas Distribution Price Control,  
Office of Gas and Electricity Markets,  
9 Millbank  
London  
SW1P 3GE

**Legal & Regulatory**  
Lakeside West  
30 The Causeway  
Staines  
Middlesex TW18 3BY

Telephone 07979 563580  
Facsimile 01784 878 719  
[www.centrica.com](http://www.centrica.com)

2nd April 2008

Dear Sirs,

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

I am writing in response to your letter dated 7<sup>th</sup> March related to the reporting arrangements applying to gas distribution networks.

As a general comment British Gas would like to encourage Ofgem to publish as much detailed information as possible in relation to cost and revenue reporting.

This information enables suppliers to more accurately forecast future costs and thereby help to ensure more stable prices for our customers. In addition better predictability of costs helps to minimise any risk premiums included in customers' gas prices.

As well as detailed information reporting we would request that Ofgem also make the information available in a timely manner as any delays in publishing data will diminish our ability to accurately update our forecasts.

I have detailed below some specific comments related to each of the reporting areas:

#### Cost Reporting

We note Ofgem intends to publish:

- Provisional calculation of RAV by GDN each year
- Comparisons to GDPCR allowances
- Summary & detailed activity analysis

We would encourage Ofgem to publish more detailed disaggregated data and analysis. We believe that the default position should be that detailed data is published in sufficient detail to understand any variances unless the GDNs can demonstrate good commercial reasons as to why the data should not be made available. These reasons should also be published.

We note that each GDN has until 31<sup>st</sup> July each year to submit its cost reporting, and following submission Ofgem intend to carry out a review, we are concerned that this will lead to an undue delay in publishing cost data. We would suggest that the data could be published immediately but with the necessary caveats i.e. subject to audit etc.

If estimates are used or data is allocated across activities then commentary must be added, but there is no mention of the level of detail that must be submitted by the GDN. We would encourage Ofgem to specify that "detailed" commentary must be provided by the GDNs and that this should be published to explain any major variances or exceptional items.

## Revenue Reporting

As mentioned above we would encourage Ofgem to specify that GDNs must submit “detailed” commentary to explain any major movements or unusual items. We would also like to see the underlying assumptions used to forecast future years in any commentary.

The Revenue Reporting Template provides for 5 years of data but GDNs are only asked to give forecasts covering current and future years. We would ask for the GDNs to provide the full 5 year forecast so the full impact of any changes in charges can be seen, not just the near term implications. We would also like to see the underlying assumptions used to forecast future years in any commentary.

In the interests of transparency and better market information we would encourage Ofgem to publish all revenue reporting information, including actuals and forecasts and year on year variances.

## Quality of Service

We would encourage Ofgem to publish all quality of service information including:

- Number and duration of interruptions
- Customer satisfaction surveys
- Accuracy of Pipeline Records
- Environmental Performance and other supporting information

We note that the GDN has an obligation to carry out a quarterly customer satisfaction survey. We are concerned at the limited scope of the survey. As a significant user of GDN Connections services we believe it would be of benefit to include gas suppliers in this survey to ensure Ofgem has the widest visibility of opinions on the service provided by the GDNs.

Should you wish to discuss in detail any aspect of this response please do not hesitate to contact me.

Yours sincerely

Kevin Woollard  
Regulatory Manager  
British Gas