



Kieran Donoghue
Head of Gas Distribution Regulation
Office of Gas & Electricity Markets
9 Millbank
London
SW1P 3GE

Wales & West House
Spooner Close
Celtic Springs
Coedkernew
Newport NP10 8FZ

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

T. 029 2027 8500
F. 0870 1450076
www.wwutilities.co.uk

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Dear Kieran,

Reporting arrangements applying to gas distribution networks

I am writing on behalf of Wales & West Utilities Limited in response to your letter of 7th March 2008 which invited interested parties to comment on the detailed reporting arrangements that will apply from April 2008 to gas GDNs following the Gas Distribution Price Control Review.

Our detailed comments are provided in the three attached Appendices. Appendix 1 includes our comments on the Price Control Review Reporting Rules; Appendix 2 our comments on the Revenue Reporting Regulatory Instructions and Guidance, and; Appendix 3 (and 3a) our comments on the Quality of Service Regulatory Instructions and Guidance. The comments are in order of the section of the relevant RIGs document to which they refer. Please note we have only provided comments on the areas that we consider further amendments are required.

Yours sincerely,

Bob Westlake
Head of Regulation
Tel: 029 2027 8544
Email: bob.westlake@wwutilities.co.uk

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

APPENDIX 1 – WWU detailed comments on Gas Distribution Price Control; DRAFT Price Control Cost Reporting Rules: Instructions & Guidance (& Appendices)

Appendix 2 – RRP Purpose and Instructions

General Instructions for Completion

- Paragraphs 1.8 and 1.21 refer to preparation of the tables in accordance with UK GAAP whilst 1.14 requires a cash adjusted submission, which is obviously contradictory. In addition, the operating cost analysis and related disclosure are on an adjusted basis (cash accounting) which is not in accordance with UK GAAP nor the regulatory accounts
- Throughout the document, we would expect adjustments to be made only where they are material, examples of where materiality should be included are paragraphs 1.14,
- We note that the reporting of costs for affiliates and related parties is still to be developed (paragraph 1.15)
- 1.15, we understood that costs incurred from xoserve were to be included at the charged amount, we would not expect to adjust xoserve charges to eliminate margins
- 1.17, we note that the list of inclusions is missing
- 1.18, whilst every effort has been taken to ensure that the definitions are comprehensive, there will undoubtedly be some areas of judgement and/or interpretation, where the GDNs consider that this may materially impact their submission Ofgem should allow a method for obtaining clarity or direction

Specific instructions for completing each schedule

- 1.25 & 1.26, we note that the submission dates are stated as on or before 31 July each year. However, in respect of the 2007/8 year this deadline has been extended to September. This extension and the 2007/08 submission criteria must be confirmed in writing as soon as possible.

1.26 Opex

- We note that the “Checks and Balances” report is still to be developed and reserve the right to comment on this sheet once we have had sight of it
- “Summary Data” it would seem more appropriate that standing data, and in particular RPI rates are input centrally by Ofgem rather than relying on individual GDNs to input and Ofgem to check these values.
- “1.2 Reconciliation to Regulatory Accounts” the list of reconciling items should include amounts spent on provisions in the period if a cash adjusted operating cost analysis is required
- “2.1 Analysis of Operating Costs” this sheet should refer in the purpose to cash adjusted operating costs as significant non-trading accruals and prepayments are

adjusted out. HSE needs to be specified in the operations management activity of work management in all opex schedules.

- “2.5 Year on Year Opex Movements”, we understood in discussions with Ofgem that the section entitled “Corporate/Management initiatives” was to be removed due to the problems with separately identifying and quantifying information.
- “2.6 Cost Mapping to Operating Costs” we are unsure what benefit Ofgem will derive from the completion of this sheet and are also unsure of the level of detail which Ofgem would require.
- “2.8 Apprentices and Training” we understood that this sheet was to include all costs relating to the GDNs solving for the ageing workforce and the skills shortage. Therefore additional items such as upskilling of the current workforce need to be included.
- “2.10 Provisions” we would benefit from Ofgem providing examples of provision which fall to be treated as (i) atypical and (ii) not atypical.
- “2.13 TMA/NRSWA costs”, it was understood that this sheet would pick up current NRSWA costs for 2007/8 and TMA and NRSWA costs for 2008/9 onwards. The current narrative does not reflect this understanding. Throughout the document TMA and NRSWA should be used interchangeably.

Capex and Repex

- “3.2 LTS actual and forecast”. The implication of the text is that each year the GDN will input the historic spend by LTS project. To make the checking easier, it would be more appropriate for Ofgem to pre-populate the sheet with historic costs as submitted in the prior years RRP such that the GDN only completes the data for the year being reported and future years forecast spend. A query also arises over which years money prior and future years spend should be reported using. Should all historic spend be reported in money of those individual years and all future spend be reported in current year money to avoid the situation where GDNs have made differing assumptions on price increases.
- “3.3 Mains reinforcement” for areas where spend is incurred over more than one year and unit costs are being calculated we would council caution in the use of such unit costs unless they are on a whole life basis as the timing of spend may not reflect the recording of work completed during the life of a project.
- “3.4 Governors” should refer to six categories, not five,
- “3.5 Connections” for clarity please confirm that the diameter band analysis is only required for workload information and not for financial data which is not recorded at this lower level.
- “3.10 Repex Mains” We wish to express our disappointment at not being informed earlier of the requirement to give length of main laid for the incentive mechanism by installation technique. We are not able to fulfil this requirement for 2007/08 due to the reporting changes that are required to access this level of detail but will be able to for 2008/09 onwards. For installed mains no GDN should be installing MPDI, the (inc.

MPDI) needs to be removed from the heading and inserted into the abandoned mains section.

- “3.11 Services Repex” we continue to query the definition of a domestic dwelling. This should be “a dwelling with a maximum of a ground floor, basement and first floor, which is not subject to multiple occupancy” otherwise a bungalow would fall to be a multiple occupancy building as it usually has no first floor nor basement. Accordingly multiple occupancy building should be defined as having more than a basement, ground and first floor and having a multiple occupancy.
- “3.15 Additional Data” We would like to see an additional statement to the effect that the duplicated requirements in both quality of service and regulatory reporting is only for the first year of 2007/08 and where it will sit thereafter.
- “3.16 Capacity and Demand Data” The text relating to Day 46 scenarios can be removed from the instructions and guidance notes as this is no longer a requirement.

APPENDIX 2 – WWU detailed comments on Gas Distribution Price Control Revenue Reporting; Regulatory Instructions & Guidance Version1 – Draft

We have no further comments on the Revenue Reporting; Regulatory Instructions & Guidance Version1 – Draft.

APPENDIX 3 – WWU detailed comments on DRAFT Gas Distribution Quality of Service; Regulatory Instructions and Guidance Version 4 (& templates)

DRAFT Gas Distribution Quality of Service; Regulatory Instructions and Guidance Version 4

CHAPTER 4 – Accuracy of pipe-line records

Information to be reported

- 4.1, we suggest to maintain consistency with the reporting template an additional category of information should be added; “The total length of pipelines commissioned or abandoned during the reporting period”. We suggest that this should be numbered as 4.1 d and the current 4.1 d renumbered as 4.1 e.
- 4.1 b and c, we suggest to maintain consistency throughout the guidance document and with the template ‘total’ should be added after ‘the’ and before ‘number and length...’

Definitions

Length of pipe-line records

- 4.10, we suggest that the second sentence ‘Data on the length of pipe lines digitised/yet to be digitised should be presented as a proportion of the length of ...’ is not required as the template takes the input data and calculates the proportion automatically, therefore this should not be a requirement on GDNs.

CHAPTER 5 – Environmental performance and other supporting information

Information to be reported

- Table 5.1 -Public reported escapes, we suggest that for consistency across the PRE histograms, the requirement should be to indicate the mean (instead of median) repair time for escape related repairs deferred beyond 28 days.

DRAFT Revised QoS RIGs reporting template

- The current draft template only refers to NGG’s GDNs. As we raised in our previous response we assume that Ofgem will issue final company specific templates.

2 Interruptions

Major incidents

- For additional clarity and consistency with the other tables in the worksheet, we would suggest that the last column of this table entitled ‘Total duration of interruptions (minutes)’ should be re-named to ‘Total Interruptions Duration In Each Incident (minutes)’.

4 Accuracy pipeline records

- For additional clarity, and consistency with the Guidance document, we have a number of suggested amendments to the reporting template (Please also refer to Appemdix 3a- which details these suggestions in red text within the template):

Asset error correction reports submitted during the reporting period

- Change the title 'Reports submitted by DNs' to 'Number of Reports submitted by DNs or agents working on their behalf'.
- Change the title ' Reports submitted by parties other than DNs' to 'Number of reports submitted by parties other than DNs'.
- Change the title 'Total' to 'Total Number of reports'

Pipeline records digitised during the reporting period

- In the box to insert the basis for measuring number of days elapsed since commissioning or abandoning replace 'describe' with 'specify'.
- Change the title of the table 'Pipeline records digitised during the reporting period (kms)' to 'Length of Pipeline records digitised during the reporting period (kms)'
- Change the title 'Total length of pipelines commissioned or decommissioned' to "Total length of pipelines commissioned or abandoned"
- Change the title of the table 'Pipeline records digitised during the reporting period as a proportion of all pipelines commissioned or decommissioned (per cent)' to 'Pipeline records digitised during the reporting period as a proportion of all pipelines commissioned or abandoned (per cent)'
- We ask you to note that in measuring those records digitised in the reporting period as a proportion of all pipelines commissioned or abandoned, it is quite feasible that proportions of greater than 100% could be produced. The reason for this is that as a network we encourage the DR4 & 8 processes (asset error correction reporting submissions) that can sometimes result in a main or relevant service being recorded and digitised that did not previously exist on our records.

Pipeline records awaiting digitisation at the end of the reporting period

- Change the title 'number of pipeline records awaiting digitisation' to 'Total Number of pipeline records awaiting digitisation'.
- In the table 'date of the oldest pipeline record awaiting digitisation' there is a sum formula at the bottom which should be removed.
- Change the title of the table 'records awaiting digitisation at the end of the reporting period (kms)' to 'Length of pipeline records awaiting digitisation at the end of the reporting period (kms)'
- Change the title 'Length of Pipeline records awaiting digitisation' to 'Total Length of Pipeline records awaiting digitisation'
- Copy the table 'Total length of pipelines commissioned or abandoned table' to the right of the table 'length of pipeline records awaiting digitisation at the end of the reporting period (kms)' so it is clear how the proportions below are calculated. This table should be locked and should self populate from the figures inserted in the same unlocked table higher in the template.
- Change the title 'Within 30 business days' to 'Total records'.

- Change the title 'Between 30 and 60 Business days to ' records awaiting digitisation where >30 business days has elapsed since commissioning or abandonment'
- Change the title of the table 'Pipeline records awaiting digitisation at the end of the reporting period as a proportion of all pipelines commissioned or decommissioned (per cent)' to 'Pipeline records awaiting digitisation at the end of the reporting period as a proportion of all pipelines commissioned or abandoned (per cent)'

DRAFT Revised Customer Satisfaction Survey RIGs reporting template

- We would suggest it may be appropriate to include a space on the front page and on each subsequent page (as well as is present on the graphs for publication) to identify which GDN the Customer Survey results refer to.
- To enable GDNs to publish the graphs at the bottom of each results page on their website Ofgem will need to leave this part of the template unlocked to aid copying of the graphs.