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Dear Andy,

Proposed Corporate Strategy and Plan 2009-2014.

In general terms we agree that the themes highlighted in the paper are those that the strategy should address; set against the widening of your statutory duties as a result of the 2008 Energy Act and the current uncertain economic climate. We hope our responses help to ensure that your strategy strikes the balance between the themes highlighted. Our responses are in the main, related to Gas Distribution.

Chapter 1: Creating and sustaining competition.

Metering:

The paper focuses on the roll out of smart metering but does not cover current regulation and competition in the gas metering market. We would welcome a review on the effectiveness of the current regimes. We question whether the current ownership of meters in gas distribution is creating competition; delivering for the customer and promoting sustainable competition. The current ownership model should be re-assessed when rolling out smart meters. We welcome the three year Energy Demand Research Project.

Chapter 2 : Regulating networks effectively.

Distribution Networks:

We note the intention to refine the regulatory framework in response to new uses for the gas networks. We look forward to working with you in this area.

We support and encourage a review of the Gas Distribution Licences in common with previous reviews of other licences to simplify licence conditions, remove unnecessary regulatory burdens and to ensure any changes within the industry or policy updates that have occurred since DN sales are reflected. There are some areas of the licence that require updating.

We would specifically encourage a review of the Gas Transporter's obligations in relation to last resort metering and the metering price caps.

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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We note and support Ofgem’s intention to review the market and regulatory structure for independent gas transporters (IGTs) and independent electricity distribution network operators (IDNOs). Whilst we realise that much of the focus will be on electricity we believe that a number of areas in gas are worthy of attention. These would include; operation of the relative price control; governance of IGT metering charges particularly given that they bundle metering with connections; the absence of metering competition on IGT networks; reporting and disclosure and finally the effect on competition in connections in the light of IGTs ability to offer asset value payments and providing a bundled metering offering.

Chapter 3: Helping to achieve sustainable development.

Sustainable energy networks:

The stated goals of the development of truly sustainable energy networks need to ensure that they include appropriate reference to safety and security of supply. We acknowledge our role in developing a sustainable future but we need to ensure that the appropriate balance is maintained to ensure basic statutory requirements are not compromised.

Chapter 4: Helping to protect the security of Britain’s energy supplies.

WWU believe this is a fundamental priority and will continue to engage with Ofgem and the wider industry to ensure that the distribution networks play a pivotal role. We welcome the development of new gas infrastructure and look forward to progressing this area to ensure security of supply.

Chapter 5: A leading voice in Europe.

We agree that this is a key theme with wide ranging impacts on all areas of our industry. We have not identified any additional issues and acknowledge Ofgem’s approach within the paper.

Chapter 6: Helping to tackle fuel poverty.

From our experience to date, we believe that opportunities exist for a more integrated approach. The Retail markets, Energy networks and Ofgem can at times operate in silos. With some joined up thinking from all parties we hope that we can play an appropriate role in tackling fuel poverty.

Chapter 7: Better regulation:

WWU look forward to working with the industry in the development of cost reporting. We must ensure that the range of data proposed by Ofgem is appropriate and adds value to the industry. We must caution against over publication that may dilute the impact and distort appropriate comparators.

Simplification Plan:

We need to ensure that the proposals identified do not dilute the Authorities duties and prevent appropriate regulation. There are many governance consultations in progress and we will play our part in the consultation process.

If you have any queries in relation to this response please contact me as below.

Yours sincerely,



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