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14th July 2011

## **Wales & West Utilities response to OFGEM consultation Competition for part funded connections work**

**Dear Donald,**

Wales & West Utilities Limited (WWU) is a licensed Gas Distribution Network (GDN) providing Gas Transportation services for all major shippers in the UK. We cover 1/6th of Great Britain and deliver to over 2.4 million supply points. WWU is the only Licensed Operator that focuses solely on Gas Distribution in Great Britain

Wales & West Utilities is currently in the process of writing its business plan for submission to Ofgem for the next price control period 2013-2021.

While we understand that Ofgem has no intention of introducing similar proposals in gas we are commenting on the questions insofar as the experience in gas is pertinent to the issues.

**Question 2:** Do respondents consider that further changes to the rules surrounding contestability should be made in tandem with any move to introduce competition for part funded connections?

Our only comment is that the competition arrangements for connections in gas are well established, function well and do not need review.

**Question 9:** We welcome respondents' views on whether and, if so, under what circumstances, IDNOs should be able to adopt part funded network assets?

We do not see how part ownership of assets could be efficient. There would need to be a clear demarcation between the two owners' assets which would need to be based on practical operational considerations rather than financial. Each party would need to be able to control and operate its own assets in an efficient manner without having to negotiate with another asset owner. Taken to its logical conclusion this could lead to a third party owning assets deep in a distribution owner's system which would then mean that a distributor was not a monopoly provider of distribution services and could then lead to questions about whether this was safe and whether it could guarantee security of supply.

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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Registered in England and Wales: No. 5046791

**Question 13:** Do respondents have any views on any issues not covered above?

This consultation has been specifically on electricity issues, we do not support their extension to gas and any intention to do so would require a new consultation process.

Yours sincerely

A handwritten signature in black ink, appearing to read "S. Edwards", with a long horizontal flourish extending to the right.

Steve Edwards  
Head of Regulation and Commercial  
Wales & West Utilities