



Steve Rowe
Ofgem
9 Millbank
London
SW1P 3GE
steve.rowe@ofgem.gov.uk

Wales & West House
Spooner Close
Celtic Springs
Coedkernew
Newport NP10 8FZ
T. 029 2027 8500
F. 0870 1450076
www.wwutilities.co.uk

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

28th November 2013

WWU response to the regulation of traditional gas metering during the transition to smart meters – final proposals and statutory consultation

Dear Steve,

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 2.5 million supply points. WWU is the only Licensed Operator that focuses solely on Gas Distribution in Great Britain. This response is not confidential.

Whilst WWU only owns circa 40,000 meters out of the 21 million in Great Britain, we have incurred material costs over and above the tariff caps that are set out in our Gas Transporters Licence since 2005 and the proposed tariff caps will make that position worse for WWU.

As part of our RIIO business plan submission for the period 2013 to 2021 we set out our key recommendations as a non-National Grid transporter. Our key recommendations were:

- The Last resort obligation should be removed from WWU
- The tariff caps should be removed for WWU as metering is a competitive activity
- The onerous costs incurred by WWU should be funded

We therefore broadly welcome the arrangements for the non-National Grid networks. Our main priority now is to work with Ofgem to practically implement the decisions in the document.

Tariff caps

We are disappointed that Ofgem propose to apply the tariff caps to the Non National Grid networks despite the evidence we have provided to Ofgem and National Grid but we welcome the acknowledgement from Ofgem of the requirement to address the shortfall in revenue in comparison to costs.

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

Last Resort Obligation

We recommended that the non-National Grid networks should have the obligation removed as metering is a competitive activity and we welcome the recognition of this issue within the Ofgem decision. Again, we would now like to meet National Grid to progress the transition from the existing arrangements to the desired outcomes as soon as possible.

Yours sincerely,



Steve Edwards
Head of Regulation
Wales & West Utilities
Steven.j.edwards@wwutilities.co.uk