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Indra Thillainathan  
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Dear Indra,

Thank you for the opportunity to respond to the proposed amendment to the Relative Price Control (RPC) Methodology.

While UGI acknowledges that the alternate method of calculating the CSEP charge better reflects the Transco equivalent charge, the RPC methodology differs from Transco's pricing in several aspects e.g. nested sites. Therefore, several scenarios already exist where RPC is not truly a Transco equivalent charge. Variations between the two methodologies will increase when the 'floor and ceiling' limits are reached.

As the number of sites affected by this alternate method is small, UGI believe that this additional complication is not justified. GTs will have invested in computer systems and processes to generate and control their prices and these will follow the current RPC rules. As transportation prices are capped, how will the cost of amending these systems and processes be covered?

Option 1 (maintain the status quo) would be UGI's preferred option. Any change to the RPC methodology at this stage has resource and financial implications and therefore implementation of Options 2 and 3 will have a cost to the business. This cost will increase if it is proposed to adjust the prices retrospectively for MPRs already invoiced. Both options will require a new process to be developed for sites with more than one end user category. Option 2 will involve the administration of two versions of the RPC methodology for no benefit as the price for single end user category sites will be the same under both versions.

RPC currently allows two methods of calculating I&C prices, RPC or the continuous Transco-equivalent approach. Calculating, verifying and monitoring transportation prices for non-domestic properties is complex and this change will add a further complexity to the rules.

In conclusion, in order to change UGI's pricing & billing processes the cost will be approximately £25000. The cost is exclusive of any work required to adjust historical invoices if required. This expenditure will have a considerable affect on our business and will be out of proportion for a small business like UGI. Therefore UGI believe Option 1 is the better option at this stage of the RPC lifecycle due to the small number of sites affected.

Yours sincerely,

A handwritten signature in black ink that reads 'Liz Carter'.

Liz Carter