

Contract Title: Northern Ireland Authority for Utility Regulation

Consultancy input into the Gas Distribution Networks Annual Cost Reporting Project

Contract Reference: CON/29/09

Questions and Answers - 20th August 2009

NIAUR Cost Reporting Project

- Q1. A tenderer asked if we had a set budget in mind for the project.
- A1. We have an earmarked sum to come out of our consultancy budget for this project, and whilst that sum has a fixed cap at the moment there is some flexibility on what we can spend. We purposely did not indicate the cap in the terms of reference as we wanted to see what kind of price tenderers would put on the work. The 50-60 man days is the best guide we can give – proposals that offer a competitive average daily rate should be within our budget.
- Q2. A tenderer asked who is taking the risk in relation to the quality of reporting information available from the gas companies. Clarity was also sought on who was responsible for ensuring the reporting information was reconcilable to the published accounts.
- A2. The responsibility for ensuring the reporting information is of good quality rests with the gas companies. The role of the appointed consultants is to design and build the reporting pack and accompanying guide to completing it, but it is for the companies to populate it. As regards to reconciling to the Regulatory Accounts, you will need to consider these in the design and build phase in order that the reporting pack delivers information that is easily reconcilable to the accounts.
- Q3. A tenderer asked how many years of prior information is expected to be completed for each company.
- A3. This project is primarily forward looking i.e. to create a regime that will deliver comprehensive cost information from 2010 onwards. However, we would also like to be able to collect information in the new format for all previous years of operation. Phoenix Distribution began operations in 1996 and firmus energy in 2005, so in an ideal world we would ask the companies to complete the reporting packs back as far as this. This may not be so easy though – we

anticipate encountering problems with the collection of past year's information, the more so the further back we go. At a minimum, we will require comprehensive information for past years that form part of the current price controls for both companies.

- Q4. A tenderer asked for clarification on the level of engineering knowledge and skills required.
- A4. As the project will involve lots of analysis of gas related capex, it will be necessary to demonstrate experience and understanding of the issues. But to be clear, tenderers do not need to include qualified engineers in their teams.
- Q5. A tenderer asked if a Word version of the tender could be made available, in order to make for easier completion of the forms at the back of the document.
- A5. A Word version is available on request. Tenderers who require this should contact either Carl Hashim (carl.hashim@niaur.gov.uk) or Karen McConnell (karen.mcconnell@niaur.gov.uk).