

## Representation

### Draft Modification Report

#### 0451V 0451AV: Individual Settlements For Pre-Payment & Smart Meters

**Consultation close out date:** 08 January 2014

**Respond to:** enquiries@gasgovernance.co.uk

**Organisation:** Opus Energy Limited

**Representative:** Paul Bedford

**Date of Representation:** 24 December 2013

#### Background to this consultation

The consultation is aimed at establishing if the content/effect of the variations have caused you to change a view that you previously expressed, or to take a view that you had not previously considered.

#### Do you support or oppose implementation?

**0451V** - Not in Support

**0451AV** - Neutral

#### If either 0451V or 0451AV were to be implemented, which would be your preference?

Prefer **0451AV**

#### Please summarise (in one paragraph) the key reason(s) for your support/opposition.

The variations have not caused us to change a view that we have previously expressed.

0451V – The basic principle that pre-payment meter customers may consume according to a slightly different profile to credit meter customers seems likely to be sound. However, we do not believe the analysis is robust enough to enable us to support this modification. In particular we are concerned by the small sample size and that there is little evidence that the benefits will outweigh the costs before Nexus makes this modification redundant.

0451AV – Retrospective changes should be used very sparingly as they can undermine parties' confidence in governance arrangements and can create windfall gains and losses. There is

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not sufficient evidence to suggest retrospection is appropriate in this situation.

**Are there any new or additional issues that you believe should be recorded in the Modification Report?**

No

**Relevant Objectives:**

*How would implementation of these modifications impact the relevant objectives?*

0451A – If further evidence is provided to confirm the proposer's theory this modification would improve competition by increasing the accuracy of settlement.

0451 – Retrospection would undermine market confidence and create windfall gains and losses; it is therefore negative against this objective.

**Impacts and Costs:**

*What analysis, development and ongoing costs would you face if either of these modifications were implemented?*

Any system changes would be minimal.

**Implementation:**

*What lead-time would you wish to see prior to either of these modifications being implemented, and why?*

No opinion

**Legal Text:**

*Are you satisfied that the legal text and the proposed ACS (see [www.gasgovernance.co.uk/proposedACS](http://www.gasgovernance.co.uk/proposedACS)) will deliver the intent of the modifications?*

We have not reviewed the legal text

**Is there anything further you wish to be taken into account?**

*Please provide any additional comments, supporting analysis, or other information that that you believe should be taken into account or you wish to emphasise.*

No