

## Stage 04: Final Modification Report

# 0474S:

Inclusion of the guidelines relating to the “Customer Settlement Error Claims Process” within UNC governance and introduction of the User Pays charges associated with such claims.

At what stage is this document in the process?



*To facilitate implementation of UNC Modification 0429 it is necessary to develop error claims process guidelines. This modification seeks to incorporate these guidelines as a UNC Related Document and to identify charging arrangements associated with claims*



Panel consideration is due on 15 May 2014



High Impact: None



Medium Impact: None



Low Impact: Transporters and Users with registered Supply Points that are subject to Individual Meter Point Reconciliation.

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## About this document:

This Final Modification Report will be presented to the Panel on 15 May 2014.

The Panel will consider the views presented and decide whether or not this self-governance change should be made.

	
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# 1 Summary

## Is this a Self-Governance Modification?

The Modification Panel determined that this is a self-governance modification because it is unlikely to have material effect on existing or future gas consumers; or competition.

## Why Change?

To support the implementation of Modification 0429:” Customer Settlement Error Claims Process” it is necessary to develop a Customer Settlement Error Claims Process Guidance Document (the “Guidelines”). Whilst these Guidelines may exist without the need for a UNC modification, the visibility and additional governance afforded to them by the nature of their inclusion as a UNC Related Document would be beneficial for all interested parties. Modification 0429 dealt with the User Pays development costs associated with implementation but did not clarify the on-going operational costs. This Proposal seeks to clarify the approach to charging.

## Solution

This Modification Proposal advocates the development of these Guidelines and seeks to introduce a reference to them within the Uniform Network Code (UNC). Suitable governance arrangements to be adopted for the management of any future changes to the Guidelines are also proposed.

It is proposed that the Guidelines be managed as a UNC Related Document to provide clarity to potential claimants regarding the methodology under which the 0429 claims process will be managed. It is proposed that a revised Agency Charging Statement (ACS) be put forward associated with this Modification to explain how the on-going operational charges for claims received in accordance with 0429, will be recovered. This ACS will also cover the development costs dealt with in the User Pays section of Modification 0429.

## Relevant Objectives

The visibility afforded to the Guidelines via their addition to the UNC as a Related Document (TPD Section V12) would be useful for parties to the UNC and helps to embed the principles of good governance. The suggested governance arrangements would provide a proportionate and effective means of managing changes without the need to overburden unaffected parties. This has the potential to reduce costs and facilitate faster implementation of change proposals. This is consistent with the facilitation of Relevant Objective (f): promotion of efficiency in the implementation and administration of the Code.

## Implementation

No implementation timescales are proposed. However, it is desirable that the reference to the Guidelines be inserted into UNC as soon as reasonably practical and that the Guidelines be developed and implemented as part of the modification.

## 2 Why Change?

The implementation of Modification 0429 creates a claims process that allows Users to submit a claim, under certain circumstances, for a settlement error, which occurred outside of the current reconciliation close out timescales.

In its decision letter, Ofgem noted “a need for further guidance and (better definition of the) assessment criteria against which the GTs may assess the claim”<sup>1</sup>.

The proposed Guidelines would provide a framework for Users and Transporters in operating the Customer Settlement Error Claims Process, by:

- Setting out the process for Users to submit a claim, including clarification of the eligibility criteria;
- Detailing the intended assessment criteria by the Transporters;
- Defining the process for Users and Transporters to resolve matters of clarity and also for acceptance or rejection of the claim.

The inclusion of these Guidelines as a UNC Related Document would improve the visibility of this document and allow for appropriate governance.

Whilst Modification 0429 dealt with the User Pays development costs it did not identify the User Pays charging methodology associated with the on-going operational costs associated with processing such claims. This ACS will also cover the development costs dealt with in the User Pays section of Modification 0429.

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<sup>1</sup> Uniform Network Code (UNC) 429: Customer Settlement Error Claims Process Decision Letter. 18<sup>th</sup> July 2013. p5.

## 3 Solution

### Proposed Solution

It is proposed that a new guidance document be created and recognised within the Uniform Network Code, “The Customer Settlement Error Claims Process Guidance Document”. This document will provide information in relation to the process to be followed by a User and the Transporter Agent, when submitting and managing a claim, and will support the introduction of Modification 0429 “Customer Settlement Error Claims Process”.

It is proposed that the Customer Settlement Error Claims Process Guidance Document be accepted as a UNC Related Document, which will allow for it to be published and maintained in accordance with the requirements set out in Paragraph 12 of Section V of the UNC Transportation Principal Document.

It is proposed that the version of the Guidelines provided as an appendix to this modification become the initial version on the date that this modification is implemented.

#### User Pays

##### Classification of the modification as User Pays, or not, and the justification for such classification.

It is proposed that this Modification is classified as User Pays. There are no additional development costs associated with this Proposal. Modification 0429 “Customer Settlement Error Claims Process” dealt with the development costs associated with that Proposal, however it did not include the methodology for the recovery of the operational costs associated with processing such claims. As part of the development of that Modification it was agreed that charging arrangements would be reflected in a revised Agency Charging Statement and this will be put forward with this Proposal.

The claims process associated with the introduction of 0429 is for the benefit of Users and as such was identified as User Pays.

##### Identification of Users of the service, the proposed split of the recovery between Gas Transporters and Users for User Pays costs and the justification for such view.

The costs of processing a claim will be attributed directly to the claimant.

##### Proposed charge(s) for application of User Pays charges to Shippers.

Indicative charges for a claim will be provided to the relevant User by the Transporter Agency upon application. The charges will be calculated on a time and materials basis.

##### Proposed charge for inclusion in the Agency Charging Statement (ACS) – to be completed upon receipt of a cost estimate from Xoserve.

To accompany this Modification Proposal

## 4 Relevant Objectives

Impact of the modification on the <b>Relevant Objectives</b> :	
Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	None
b) Coordinated, efficient and economic operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters.	None
c) Efficient discharge of the licensee's obligations.	None
d) Securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers.	None
e) Provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards... are satisfied as respects the availability of gas to their domestic customers.	None
f) Promotion of efficiency in the implementation and administration of the Code.	Positive
g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	None

### Relevant Objective (f) – promotion of efficiency in the implementation and administration of the Code

Introduction of the Guidelines provides a framework for parties to follow, which should allow the efficient and cost effective management of claims, while providing clear guidance on potential charges to process such claims, therefore further relevant objective (f) - promotion of efficiency in the implementation and administration of the Code.

The visibility afforded to the Guidelines via their addition to the UNC as a Related Document (TPD Section V12) would be useful for parties to the UNC and helps to embed the principles of good governance. The suggested governance arrangements would provide a proportionate and effective means of managing changes without the need to overburden unaffected parties. This has the potential to reduce costs and facilitate faster implementation of relevant change proposals and therefore further relevant objective (f) - promotion of efficiency in the implementation and administration of the Code.

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## 5 Implementation

As self-governance procedures are proposed, implementation could be sixteen business days after a Modification Panel decision to implement.

It is proposed that the version of the Guidelines provided as an appendix to this modification become the initial version on the date that this modification is implemented.

## 6 Legal Text

### Text

#### UNIFORM NETWORK CODE – TRANSPORTATION PRINCIPAL DOCUMENT

Amend TPD Section V (General) paragraph 12.1 as follows:

##### 12.1 Purpose

The purpose of this Section is to establish generic governance arrangements in respect of the following UNC Related Documents (each a “**Document**” and collectively the “**Documents**”):

- (a) Network Code Operations Reporting Manual as referenced in Section V9.4;
- (b) Network Code Validation Rules referenced in Section M1.5.3;
- (c) ECQ Methodology as referenced in Section Q6.1.1(c); ~~and~~
- (d) Measurement Error Notification Guidelines for NTS to LDZ and LDZ to LDZ Measurement Installations as referenced in OAD Section D3.1.5;-
- (e) the Allocation of Unidentified Gas Document referenced in Section E9.1.1;~~and~~
- (f) the Customer Settlement Error Claims Process Guidance Document referenced in Section E1.3.10.

Amend TPD Section E (Daily Quantities, Imbalances and Reconciliation) paragraphs 1.3.10 to 1.3.13 (inclusive) as follows:

1.3.10 Where an Individual NDM Reconciliation, DM Reconciliation, Individual CSEP Reconciliation or Aggregate NDM Reconciliation identifies an adjustment in gas off-taken in the period of time between the Code Cut Off Date and the last Day of Formula Year t-6 which results in an over-payment by, or under payment to, the User of £50,000 (fifty thousand pounds) or more in respect of an Individual Supply Point or group of Supply Points (where the adjustment has been made, in the case of a group of Supply Points, as a result of the same root cause) then, notwithstanding paragraph 1.3.9 above, the User is entitled to make a claim in respect of the time between Code Cut Off Date and the last Day of Formula Year t-6 in accordance with paragraph 1.3.124 below. Any such claim shall be submitted by the User and considered by the Transporter having consideration of the Customer Settlement Error Claims Process Guidance Document.

1.3.11 For the purposes of this section 1.3 “Customer Settlement Error Claims Process Guidance Document” means the guidance document prepared by the Transporters and governed in accordance with Section V12 setting out guidance on *inter alia* the applicable eligibility and assessment criteria and the process for submission, acceptance and rejection of a claim as referred to in paragraph 1.3.10 above. For the avoidance of doubt, the document is issued for guidance purposes only and is not binding on Users or Transporters.

1.3.124 Where a User wishes to make a claim as referred to in paragraph 1.3.10 above, ~~it~~the shall have consideration of the Customer Settlement Error Claims Process Guidance Document and the following process shall be followed:

- (a) the User shall submit to the Transporter Agency the following information:
  - (i) detail in relation to the nature and duration of the error resulting in the adjustment, including copies of the invoices between the Transporters and the User and the User and the consumer (such

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- information to be applicable to the claim, for example at Supply Meter Point level);
- (ii) the relevant system files and supporting information (to include workings and methodology);
- (iii) the materiality of the claim in terms of volume of gas, including details of the methodology used to calculate such materiality;
- (iv) the exact financial impact of the adjustment including energy (by reference to the monthly average of the System Average Prices) for the period of the claim and transportation costs (with reference to the Transportation Charges prevailing at the time of the claim);
- (viii) the dates in respect of which the claim will apply in accordance with paragraph 1.3.10 above;
- (vi) evidence of the financial impact relating to the Supply Point or group of Supply Points the subject of the claim including written confirmation that the consumer(s) connected to the Individual Supply Point or group of Supply Points in question agree(s) that:

- (1) an adjustment in gas off-taken in the period of time between the Code Cut Off Date and the last Day of Formula Year t-6 should be made;
- (2) the materiality of the claim as referred to in paragraph 1.3.124(a)(ii) is correct; and
- (3) the dates in relation to which the User's claim applies are correct; and

- (vii) a warranty that no previous claims which are the same in nature and/or are in relation to the same dates as the claim being made by the User have been made;

- (b) the Transporters shall (having consideration of the Customer Settlement Error Claims Process Guidelines Document) consider the claim and communicate to the User its approval or rejection of such within 90 days of receipt of the claim, during which time the Transporter Agency shall be entitled to raise queries in relation to the claim and/or to request further information from the User in respect of its claim;
- (c) the Transporters shall (having consideration of the Customer Settlement Error Claims Process Guidelines Document) be entitled to reject the claim if it is considered that the information provided by the User is so clearly erroneous on its face that it would be unconscionable for the claim to be accepted, in which case the Transporters shall reject the claim and inform the User of the reason(s) for such rejection;
- (d) if the Transporters consider that an amount exceeding £1 million (one million) pounds is to be re-paid to any User, the Transporter Agency shall issue notification of such fact to Users and that the amount determined as payable to the User shall be paid within 2 (two) months of approval of the claim.

1.3.132 In the event that the Transporters reject the User's claim, the User shall be entitled to appeal the Transporters' rejection of the claim within 14 days of its receipt of communication of such rejection in accordance with UNC General Terms Section A. Expert Determination (specific part of GT A).

*Amend TPD Section S (Invoicing) paragraph 1.4.4 as follows:*

1.4.4 Subject to the provisions of Section E, paragraphs 1.3.9-1.3.132 (inclusive), no Invoice Document shall contain an Invoice Item or Invoice Amount that shall relate to any Day or period prior to the Code Cut Off Date.

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## 7 Consultation Responses

Four representations were received and implementation was unanimously supported.

Representations were received from the following parties:			
Organisation	Response	Relevant Objectives	Key Points
British Gas	Support	f - positive	<ul style="list-style-type: none"><li>introduction of the Guidelines provides a framework for parties to follow, which should allow the efficient and cost effective management of claims.</li><li>clearly ensures rules and a process are put in place, so that the Transporters' Agent can validate customer claims.</li></ul>
E.ON	Support	f - positive	<ul style="list-style-type: none"><li>provides a clear and transparent process for managing claims.</li></ul>
Gazprom	Support	f - positive	<ul style="list-style-type: none"><li>provides clear guidelines to aid the implementation of the Customer Settlement Error Claims Process.</li></ul>
RWE npower	Support	f - positive	<ul style="list-style-type: none"><li>provides a framework allowing efficient control and management of claims.</li></ul>

Representations are published alongside the Final Modification Report.

### Additional Issues Identified in Responses

#### Legal Text

Gazprom noted that the modification is predicated on providing certainty to Users by providing a set of clear guidelines. The legal text provided specifically reflects that the document is for guidance only and is not binding on Users or Transporters (1.3.11), therefore it is not clear what happens should User/s choose to set aside the non-binding guidance.

#### Charges

Gazprom was concerned that though the Workgroup has discussed the charges associated with the process and it was noted that these would be based on a time and materials basis and that the relevant rates would be provided e.g. day, half day and hourly rates, parties have yet to have sight of these rates and the draft ACS has charges as 'tbc'.

It was also agreed that Users could request a quotation to enable them to determine the cost of proceeding with the claim. The quotation can therefore be sought without a commitment to proceed with the claim however this "quotation process" is not currently reflected in the proposal or guidelines.

## 8 Panel Discussions

## 9 Recommendation

### Panel Recommendation

Having considered the Modification Report, the Panel determined:

- that proposed self-governance Modification 0474S [should/should not] be made.

## 10 Appendix

The Customer Settlement Error Claims Process – Guidance Document is appended to the modification to enable industry parties to familiarise themselves with the associated methodology in advance of its implementation.

# **Customer Settlement Error Claims Process – Guidance Document**

## Document Control

Version	Date	Reason for Change
1 Approved	March 2014	

## Development of the Guidelines

1. This document, the Customer Settlement Error Claims Process - Guidance Document, (the “Guidelines”) has been published to provide a framework to Users and Transporters in operating the Customer Settlement Error Claims process. In the Ofgem decision letter regarding UNC Modification 0429 they noted “a need for further guidance and (better definition of the) assessment criteria against which the GTs may assess the claim”<sup>1</sup>.
2. Ofgem in their decision letter indicated that the UNC Modification 0429 did not provide sufficient detail to Users in order to make a Customer Settlement Error Claim Request, but considered that this clarification could be provided outside of the Modification process<sup>2</sup>. These Guidelines intend to set out the process for a User to submit a claim, detail the intended assessment criteria by the Transporter Agency, and define the process for Users and Transporters to resolve matters of clarity, and also for acceptance and rejection of the claim.
3. The Guidelines set out below is intended to meet the need for clarity of the process. The Document Control Section of this document records changes, which have been made to the document. The document is published on the Joint Office of Gas Transporters website, [www.gasgovernance.co.uk](http://www.gasgovernance.co.uk)
4. The Guidelines can only be modified in accordance with the requirements set out in paragraph 12 of Section V of the UNC Transportation Principal Document.
5. The current live version of the Claim Template will be published on the Transporter Agency Extranet website. A sample of this is provided in Appendix A. Where a revised version of the Claim Template is proposed this will be provided to the Billing Operations Distribution List held by the Transporter Agency, and provided by Joint Office to the distribution list of the Distribution Workgroup. Following conclusion of a 10 day review cycle, this revised Claim Template will supersede the previous version. Should any representations be received within this period these will be made available to the Distribution Workgroup for discussion.

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<sup>1</sup> Uniform Network Code (UNC) 0429: Customer Settlement Error Claims Process Decision Letter. 18<sup>th</sup> July 2013. p5.

<sup>2</sup> Uniform Network Code (UNC) 0429: Customer Settlement Error Claims Process Decision Letter. 18<sup>th</sup> July 2013. p5.

## **1 Definitions**

Unless otherwise stated, terms in this “Customer Settlement Error Claims Process – Guidance Document” (“these Guidelines”) shall have the meanings given to them in the Uniform Network Code. Such terms will be capitalised within quotation marks where first used in the Guidelines.

In these Guidelines:

“Customer Settlement Error Claim” (the “Claim”) means the claim received from a consumer and assessed for its validity by the User and submitted to the Transporter Agency in accordance with E 1.3.10. The User shall raise such Claims using the relevant Claim Request and Claim Template.

“Customer Settlement Error Claim Process” (the “Process”) means the activities associated with assessment and collation of data by the User, submission of this data to the Transporter Agency in the prescribed format, and assessment of such data by the Transporter Agency.

“Customer Settlement Error Claim Request” (the “Claim Request”) is the data collated by the User following satisfactory assessment of the validity of the Claim, and submitted to the Transporter Agency in the Claim Template required.

“Customer Settlement Error Claim Request Acceptance” (“Claim Acceptance”) is notification by the Transporter Agency that the Claim Request submitted by the User has been accepted. Following notification of Claim Acceptance the relevant notifications and adjustments will be provided to Users.

“Customer Settlement Error Claim Request Rejection” (“Claim Rejection”) is a rejection by the Transporter Agency of the Claim Request for the circumstances detailed in Section 2 and 3 below.

“Customer Settlement Error Claim Request Referral” (“Claim Referral”) is a request for clarity or further information from the User in support of a Claim Request.

“Customer Settlement Error Claim Request Withdrawal” (“Claim Withdrawal”) is notification by the User that the Claim Request is withdrawn and that the Transporter Agency may cease assessment of such Claim Request.

“Customer Settlement Error Claim Request Acknowledgement” (“Claim Request Acknowledgement”) an acknowledgement to the User from the Transporter Agency to confirm receipt of the Claim Request.

“Customer Settlement Error Claim Request Template” (the “Claim Template”) is the format in which a Claim Request must be made by a User. This shall assist the User to provide the relevant information defined and provides the information in a format that the Transporter Agency may process the Claim Request. A sample of the Claim Template is provided in Appendix A of this document. The current live version of the Claim Template is available for download from the Transporter Agency Extranet site.

## 2. Introduction

Following implementation of UNC Modification 0429, the Uniform Network Code allows a User to make an invoice adjustment claim request (a “**Claim Request**”) for adjustment to the Transportation and Energy charges for a period between the last day of t-6 and the prevailing Code Cut Off Date.

The Modification stated that the Claim Request process would only be used by a User “where the nature and materiality of the error can be clearly demonstrated”<sup>3</sup>. The claim must be an otherwise valid invoice adjustment request, but the Code Cut Off Date prevents such invoice challenge being actioned by the Transporters.

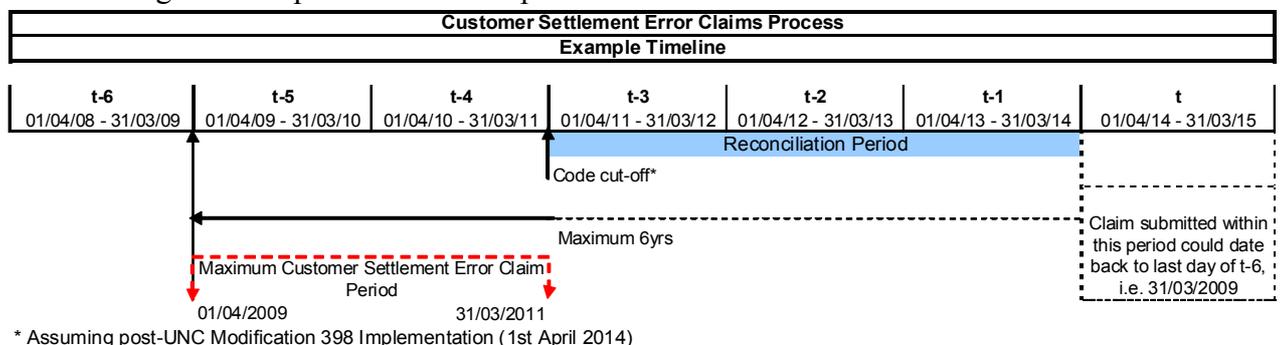
The Modification stipulated a number of “**Eligibility Criteria**” that such a claim must meet. These are:

- (a) The value of the User’s adjustment request must result in either an energy and transportation refund or debit of greater than £50,000 against the latest Transporter invoiced values and energy quantities for the period of adjustment which must be between the prevailing Code Cut Off Date and the last Day of Formula Year t-6.
- (b) The User must be able to demonstrate a claim from the consumer for the period and the consumer’s assessment of the materiality.
- (c) The Claim Request must be an otherwise valid invoice adjustment request as envisaged in the UNC (UNC Reference Section S 1.8) but the Code Cut Off Date prevents such invoice challenge being actioned by the Transporters.

The Modification also states that “the materiality criteria must be applied to an individual Supply Point or a group of Supply Points. In the latter case the error would have to be caused by the same root cause (e.g. error identified with a class of meters or systemic errors with correction factors for a class of consumer). These consumers can be connected to different networks as the claim is against the system as a whole.”<sup>4</sup>

The detail of the process was not included within the Modification. These Guidelines provide detail not included within the Modification, some of which was developed within the Modification Workgroup.

The following timeline provides an example claim timeline:



**Figure 1: Example Claim Timeline**

<sup>3</sup> UNC Modification 0429 Final Modification Report. Section 3 – Solution. v2.0 20<sup>th</sup> June 2013. p5.

<sup>4</sup> UNC Modification 0429 Final Modification Report. Section 3 – Solution. v2.0 20<sup>th</sup> June 2013. p5-6.

### 3. Detailed Process Description

#### 3.1 Initial Assessment of a Claim Request submitted by a User

The User should consider steps within their organisation to ensure that Claim Requests are of a reasonable quality and submitted by an appropriately authorised representative. In submitting the claim, the User's representative shall warrant that they have the appropriate authority to do so.

The Eligibility Criteria described above will be assessed by the User prior to submitting a Claim.

The italicised text in the following section provides commentary on how the Transporter Agency will assess the Eligibility Criteria.

(a) **Materiality of Claim** – the Claim value, if upheld, must be either a energy and transportation refund or a debit of greater than £50,000 against the latest Transporter invoiced values and energy quantities for the period of adjustment which must be between the prevailing Code Cut Off Date and the last Day of Formula Year t-6. *In order to demonstrate compliance the User must provide a completed Claim Template, within which they must explicitly:*

- *Stipulate the value of adjustment requested against the Transporter to User invoicing, including the latest invoiced values and energy quantities (taking account of any previous reconciliations or adjustments), the revised values and energy quantities as a result of the claim and the requested adjusted invoice value and energy quantities and charges to be invoiced. This value must be a credit or debit exceeding £50,000. This value may include VAT.*
- *This Claim must relate to an individual User identity (i.e. User Short Code) and the User should be the registered User for the whole Claim period.*
- *This Claim must relate to the period between the last Day of Formula Year t-6 and the prevailing Code Cut Off Date. .*

***If this cannot be demonstrated by the User the Claim Request should not be submitted.***

*The value of User to Consumer invoicing is not relevant in this process.*

*The User shall warrant that the Claim Request value shall not exceed the latest Transporter invoiced values and energy quantities (taking account of any previous reconciliations or adjustments) for the period of adjustment.*

(b) **Demonstrable Customer Claim** - The User must be able to demonstrate a claim from the consumer for the period and the consumer's assessment of the materiality. *The information provided in support of the Claim must include a statement from the consumer verifying that they have submitted a claim for the period in question, and the materiality of such claim.*

- *The period of the consumer claim should match or encompass that of the User's Claim. The consumer's claim may pre or post date the User's Claim.*
- *It is expected that the order of magnitude of the User Claim will approximate to that of the consumer claim. Where the consumer's claim pre or post dates the User's Claim, an assessment of the materiality of the consumer's claim within the relevant Claim period must be provided.*

- ***If this cannot be demonstrated by the User the Claim Request should not be submitted.***
- (c) **Valid Claim** - The claim must be an otherwise valid invoice adjustment request as envisaged in the UNC (UNC Reference Section S 1.8), but the Code Cut Off Date prevents such invoice challenge being actioned by the Transporters. *The User must provide a written statement accompanying the claim that sets out the nature of the Claim such that the Transporter is able to assess this on this basis alone and ensure that the type of request would be accepted had this been submitted prior to the Code Cut Off Date.*  
***If this cannot be demonstrated by the User the Claim Request should not be submitted.***

### **3.2 Collation of Data by the User**

The UNC defines the information which must accompany the request by the User to the Transporter.

Each item provided in addition to the Claim Template must specify which of the conditions within UNC that the item is intended to satisfy.

Where the User is satisfied that they have the relevant data collated, and in the requisite format the User must submit the Customer Error Settlement Claims Process Template (a sample of which is included in Appendix A) electronically to the Transporter Agency along with scanned copies of the data collated. The latest version of the Claim Template is available for download on the Transporter Agency Extranet Site.

When the Claim Template is completed all values provided must be provided excluding VAT.

### **3.3 Initial Assessment of Claim in line with Eligibility Criteria**

Upon receipt of the Claim Request the Transporter Agency will acknowledge receipt of the claim to the contacts provided utilising the contact routes provided. This “Claim Acknowledgement” shall be sent within two business days. This date of receipt will be utilised as Day 1 of the evaluation process.

The Transporter Agency will review that the main Eligibility Criteria in Section 3.1 are met. The information provided by the User will be reviewed by the Transporter without recalculation of invoices – either previously issued or the adjustment value detailed in the Claim.

Should the Eligibility Criteria not be met the Claim Request shall be rejected. The Transporter Agency shall provide a brief summary of the reason(s) for rejection and the stage at which that rejection has occurred (e.g. basic Eligibility Criteria). The User may review the reasons for rejection, and where relevant, may revisit the data provided. Any resubmission will be treated as a new Claim Request and must meet

the Eligibility Criteria, including the timescales of Claim submission (i.e. such timescales shall not be extended).

Where the initial Eligibility Criteria checks are passed in this Section it does not suggest that the Claim Request will ultimately be accepted. Where these checks are passed the Transporter Agency shall assess the further data provided by the User as detailed in Section 2.2.

### **3.4 Assessment by the Transporter Agency of Data Collated by the User submitted with the Claim Request**

The Transporter Agency will assess the data collated by the User submitted with the Claim Request. The Transporter Agency will reject the Claim Request where all mandatory data has not been provided (a sample Claim Template is included in Appendix A).

The Transporter Agency is required to perform an assessment to determine whether the “information provided by the User is so clearly erroneous on its face that it would be unconscionable for the claim to be accepted” (UNC E 1.3.11 c). In practice this will mean:

- All mandatory data required has been provided in the Claim Template
- Verifying that the Supply Meter Point was – for the period of the Claim - in the ownership of the User raising the Customer Settlement Error Request.
- Assess that the methodology that the User has provided detail of and has followed in order to calculate the revised value is consistent with the Transportation Charging Statements and prevailing UNC methodology applicable for the period of the Claim;
- Assess that the revised energy charges used by the User to determine the adjustment amount are consistent with the methodology of the claims defined and utilises the monthly average System Average Price for each month for the period in the claim ; and,
- Assess that the transportation charges used by the User to determine the adjustment amount are consistent with the methodology of the claim and consistent with the prevailing rates applicable for the period of the claim.

In assessing the data provided by the User the Transporter Agency were instructed NOT to:

- Verify the assessment by the User of the original invoiced energy and charges position – noting that the Claim may not be at a level that invoices are issued.
- Recalculate the revised and requested energy and transportation adjustment values.
- Assess the Claim adjustment value does not exceed the original invoiced value, is inclusive or exclusive of all invoiced charges or the User’s assessment of this value.
- Undertake any investigation into the veracity of the Claim.
- Other than checking that the Supply Meter Point was – for the period of the Claim - in the ownership of the User raising the Customer Settlement Error Request, verify any of the individual base data items used by the User in their recalculation.

The Transporter Agency shall consider the claim and communicate to the User its approval or rejection of such within 90 Business Days of receipt of the claim, during which time the Transporter Agency shall be entitled to raise queries (referrals) in relation to the claim and/or to request further information from the User in respect of its claim.

Where the Transporter Agency request further information from the User it shall be deemed that this has not resulted in an elapse of time whilst the Transporter Agency awaits a response from the User. This is to avoid instances where a User does not respond in a timely manner resulting in the assessment time allowed to the Transporter to be materially curtailed. Where a referral remains outstanding with the User for a period of thirty (30) Business Days then the Claim Request shall be rejected.

The italicised text in the following section provides commentary on how the Transporter Agency will use the information that is defined as having to accompany the request by the User to the Transporter (Uniform Network Code Section E 1.3.11):

Where a User wishes to make a claim ..., the following process shall be followed:

- (a) the User shall submit to the Transporter Agency the following information:
- (i) detail in relation to the nature and duration of the error resulting in the adjustment, including copies of the invoices between the Transporters and the User and the User and the consumer (such information to be applicable to the claim, for example at Supply Meter Point level);
  - *Detail in relation to the nature of the error resulting in the adjustment*  
*The User needs to provide a concise statement detailing the reason for the adjustment request. They need to provide sufficient information to enable the Transporter Agency to understand the nature of the adjustment, and the invoices and charge types that the User considers are impacted by the adjustment.*
  - *Detail in relation to the duration of the error resulting in the adjustment*  
*The User must state the start and end date of the adjustment period. This period must be between the last day of formula year t-6 and the prevailing Code Cut Off Date.*
  - *Copies of the invoices between the Transporter and the User*  
*The User should demonstrate that they have correctly identified all invoices and charges against which the User considers an adjustment should be made.*

*The User should fulfil this by using the Claim Template which includes the provision of all relevant invoice numbers.*

*The Transporter Agency shall check that the invoice numbers quoted relate to actual invoice numbers to that User within the period of the claim, but not the value of such invoices in relation to the Claim. The Transporter Agency shall not check that the invoices referenced relate to a contiguous period.*

*The User should provide sufficient detail to ensure that the adjustments are processed on behalf of the relevant Transporter. The User should fulfil this by using the Claim Template which includes the necessary detail, including the provision of the relevant LDZ.*

The Transporter Agency do not require the actual invoices.

- Copies of the invoices between the User and their consumer  
Details of the invoices is fulfilled by the provision of original invoice numbers and values and therefore this data is not relevant to the Transporter Agency. This should not be provided.
- Specific information to be defined at the level of the claim  
In order for the Transporter Agency to assess that the User has been able to calculate the adjustment value correctly, the User must be able to demonstrate that they have correctly identified the original invoice charges related to the claim against which the User is proposing that the adjustment is made.

The User should use the Claim Template.

Where the Claim does not correspond exactly to an invoice period (e.g. covers part of a month) the User must provide their methodology for how they have calculated the charges applicable for each part invoicing period. **Where the User is unable to demonstrate the methodology that has been used the Claim Request shall be referred back to the User.**

Uniform Network Code Invoicing does not, in all instances, detail the meter point level charges. Original charges may be in aggregate. Users will need to demonstrate their methodology in deriving the charges that they consider were attributable to the meter point(s). **Where the User is unable to demonstrate that the correct methodology has been used the Claim Request shall be referred back to the User.**

- (ii) the relevant system files and supporting information (to include workings and methodology);
- Relevant system files and supporting information related to the adjustment amount  
The User must present the information to the Transporter Agency in a format that the Transporter Agency can use to generate the invoice adjustment.  
  
The format of this file is included within the Claim Template, a sample of which is provided as Appendix A. **Where the User has not provided this format, or mandatory data items specified in the Template are not populated, the Claim Request shall be rejected. Where this is incomplete, but mandatory data items are populated, this shall be referred back to the User.**
- (iii) the materiality of the claim in terms of volume of gas, including details of the methodology used to calculate such materiality;
- Materiality of the claim in terms of volume of gas, and details of the methodology used to calculate such materiality  
The User needs to provide the exact value of the Claim within the Claim Request so that the Transporter Agency can invoice the value defined in the Claim Request. This information should be provided within the Claim Template. **Where the User is unable to demonstrate that the correct methodology has been used the Claim Request shall be referred back to the User.**
- (iv) the exact financial impact of the adjustment including energy (by reference to the monthly average of the System Average Prices) for the period of the claim and transportation costs (with reference to the Transportation Charges prevailing at the time of the claim);
- Exact financial impact of the adjustment including energy and transportation costs

*The principle of this Modification is that the Transporter Agency should NOT be recalculating the adjustment amount. The User, when submitting their claim, must demonstrate that they have:*

- *Utilised the correct System Average Price (SAP) prices for each month of the period of the Claim as available on the National Grid website*
- *The correct prevailing Transportation Charges for the period of the Claim as available on the Joint Office website*
- *The correct methodology of derivation of the revised charges*

*The User shall warrant that the adjustment value in the Claim Request does not exceed the original invoiced transportation and energy charge values.*

*This information should be provided within the Claim Template. **Where the User is unable to demonstrate that the correct rates and methodology has been used the Claim Request shall be referred back to the User.***

(v) the dates in respect of which the claim will apply in accordance with paragraph 1.3.10 above;

- *This claim must relate to the period between Code Cut Off Date and the last Day of Formula Year t-6.*

***This forms part of the Eligibility Criteria, and the Claim Request would have been rejected if this criteria was not met initially.***

(vi) evidence of the financial impact relating to the Supply Point or group of Supply Points the subject of the claim including written confirmation that the consumer(s) connected to the Individual Supply Point or group of Supply Points in question agree(s) that:

(a) an adjustment in gas off-taken in the period of time between the Code Cut Off Date and the last Day of Formula Year t-6 should be made;

(b) the materiality of the claim as referred to in paragraph 1.3.11(a)(ii) is correct; and

(c) the dates in relation to which the User's claim applies are correct; and

- *Evidence of the claim by the consumer(s) to the User detailing the consumer's view of the amount of their claim to the User and the period in question.*

*The period of the claim by the consumer(s) should match, or exceed, that of the User's claim. The order of magnitude of the consumer claim must approximate to that of the Users claim.*

***This forms part of the eligibility criteria, and the Claim Request would have been rejected if this criteria was not met initially.***

(vii) a warranty that no previous claims which are the same in nature and/or are in relation to the same dates as the claim being made by the User have been made;

- *Warranty*

*The User must warrant that no previous claims that are the same in nature have been made for the Claim period. This ensures that the User compiles the claim accurately and comprehensively taking account of previous adjustments and Claims prior to submitting to the Transporter Agency.*

*The warranty statement is required in the Claim Template. **Where this statement is not provided the Claim Request will be rejected back to the User.***

*The User should ensure that any relevant adjustments are taken account of within the claim period. Where Claims or adjustments are identified that have not been considered by the User in the Claim Request that are relevant to the claim, **the Claim Request shall be referred back to the User.***

Where the Transporter Agency has referred a Claim Request back to a User and such User has not addressed the reason for referral the Transporter Agency may reject such Claim Requests.

### **3.5 Withdrawal by User of the Customer Settlement Error Claim Request**

The User may, at any time prior to notification of the outcome of the Claim Request by the Transporter Agency (either Claim Acceptance or Claim Rejection), withdraw the Claim Request (“Claim Withdrawal”) by notifying the Transporter Agency.

Upon receipt of the Claim Withdrawal the Transporter Agency shall acknowledge this Withdrawal within two business days.

The User shall remain liable for the costs incurred by the Transporter Agency in assessing the Claim Request.

### **3.6 Rejection of the Claim**

The Transporter Agency, on behalf of the Transporters, shall be entitled to reject the claim if it is considered that the information provided by the User is so clearly erroneous that it would be unconscionable for the claim to be accepted.

The Transporter Agency may refer the Claim to the User for additional information. Where the Transporter Agency considers that the Claim Request is inadequate or erroneous and the User has been unable to address this, the Transporter Agency may reject the claim.

As the Transporter Agency have been instructed not to check the veracity of the claim the assessment will centre on the methodology – where a User has been unable to demonstrate that the method of calculation of the adjustment is correct the Transporter Agency shall refer that claim to the User. Where the User is unable to demonstrate that the claim methodology is correct following such referral the Transporter Agency shall reject the claim and inform the User of the reason(s) for such rejection.

Where a Claim Request is made to the Transporter Agency by a User the Transporter Agency should, provided it is furnished with the relevant valid information, assess such claims within a ninety (90) Business Day period. In some instances the Claim Request may be made at the end of the current formula year consequently should such Claim Requests be subject to adjustment such adjustments may relate to a period in the current formula year t-7. Where the Transporter Agency are not provided with sufficient information in the original Claim Request, or in subsequent referral requests, that the adjustment may be concluded and **invoiced** prior to the end of current formula year t-7 such Claim Requests shall be rejected.

### **3.7 Adjustment Processing of the Claim**

Where the Transporter(s) is satisfied that the Claim has met the criteria stipulated above, the Transporter Agency shall process the adjustment.

The User shall be notified by the Transporter Agency that the Claim has been upheld.

The energy financial adjustment shall be included in Balancing Neutrality as part of the Monthly Adjustment Neutrality Amount. An equal and opposite amount of Energy aspects of the Claim (the Counter Claim) shall be charged against other current Users.

The transportation financial adjustment shall be invoiced as an ad hoc adjustment utilising adhoc invoice and charge types. The invoice and supporting information will be issued on the same day.

Where Transporters accept the Claim and it does not exceed more than £1 million (one million) pounds to be re-paid to any User, the Transporter shall invoice the amount determined as payable to the User within 2 (two) months of notification of acceptance of the claim.

If the Transporters accept that an amount exceeding £1 million (one million) pounds is to be re-paid to any User, the Transporter Agency shall issue notification of such fact to Users and that the amount determined as payable to the User shall be paid 2 (two) months following notification of the claim to Users. This notification shall be issued by the Transporter Agency to a distribution list of User representatives retained by the Transporter Agency for notification of Energy Balancing matters.

The Transporter Agency shall provide the total energy, adjustment value and the month in which it will be processed to Users.

### **3.8 Transporter Recovery of Claim Administration and Assessment**

The Transporter Agency shall recover the costs of administration of the Claim and assessment of the data provided by the User.

Invoicing of these charges shall be via the User Pays Invoice.

The User will be liable for all costs incurred by the Transporter Agency regardless of whether the Claim was upheld or rejected.

### **3.9 Dispute Resolution**

If the Transporter Agent rejects the claim then the User will have 14 days to notify the Transporter/s that it intends to appeal. Such a dispute will be dealt with by Expert Determination in accordance with General Terms Section A.

## **Appendix A: Customer Error Settlement Claims Request Template – Example Template Format**

This Claim Template is provided as an example only. The current Claim Template may be downloaded from the Transporter Agency Extranet Site.



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