

Representation

Draft Modification Report

0434: Project Nexus – Retrospective Adjustment

Consultation close out date: 06 January 2014

Respond to: enquiries@gasgovernance.co.uk

Organisation: ScottishPower Energy Management Ltd

Representative: Marie Clark

Date of Representation: 6th January 2014

Do you support or oppose implementation?

Support

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

ScottishPower strongly support the implementation of this Modification and the full introduction of the Project Nexus package of reforms by October 2015. Already the Project Nexus programme has been in development for over four years and we do not believe that any slippage beyond the intended implementation timescale of October 2015 could be justified, in particular when the benefits of Project Nexus would accrue to customers.

ScottishPower supports the intention of Modification 434. We believe that it introduces a mechanism which allows corrections to be made to the data held within the Supply Point Register and used within settlements. This mechanism will allow Shippers the opportunity to submit updates to key data which will allow the appropriate settlement reconciliations to flow through thus assuring increased accuracy of charging for Shippers. All market participants will have the opportunity to utilise this functionality thus bringing benefits across the full market spectrum.

We acknowledge that the retrospective update functionality will be live from the effective date of the new system, and that no retrospective element will predate the 'go-live' date. ScottishPower believe that it is imperative that adequate monitoring and controls are put in place to ensure that the update mechanism is used in accordance with the intent of the Modification. We also believe that similar to electricity obligations that Shippers should be required to retain sufficient evidence at an MPRN level to support all retrospective updates within their portfolio that have been processed. This obligation is essential should any future market audit of the process be required.

ScottishPower acknowledge that the use of this functionality is difficult to predict. Concerns exist over the level of system investment that is required when considered against the overall benefit to be achieved via settlement adjustment is therefore

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difficult. It is anticipated that utilisation will be particularly prevalent as the market progresses through the mass rollout of Smart metering where meter technical data anomalies may be identified and require correction. ScottishPower believe that in the short/medium term retrospective adjustment may be common practice as the market moves towards increased accuracy. However in the long term this is a process where utilisation should diminish as data becomes cleaner under the regime that will be introduced under Mod 432, and further under full smart meter rollout. We believe that the use of the retrospective update mechanism could be monitored under the Performance Assurance Regime.

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

None identified.

Relevant Objectives:

How would implementation of this modification impact the relevant objectives?

We agree with the drafting relating to the relevant objectives within the Modification report.

Impacts and Costs:

What analysis, development and ongoing costs would you face if this modification were implemented?

Impacts and costs have been provided to Xoserve and Ofgem

Implementation:

What lead-time would you wish to see prior to this modification being implemented, and why?

ScottishPower would find the 18 month lead time acceptable to allow for system changes, however should there be any scope to bring these dates forward we would be happy to discuss this prospect.

Legal Text:

Are you satisfied that the legal text will deliver the intent of the modification?

ScottishPower believe that the legal text reflects the intent of the modification

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.

ScottishPower has concerns that a modification such as this which introduces a retrospective element may not promote or encourage the correct behaviours in terms of provision of timely and accurate data in the first instance. Where the functionality is introduced that permits the entry of inaccurate data into settlement with the knowledge that it can be subsequently corrected at a later date has the potential to have a detrimental impact on the overall integrity of the settlement process. Shippers who operate to ensure that the highest standards of data accuracy are maintained both within their individual portfolio updates and billing processes may continue to be adversely impacted by parties who do not perform the same level of scrutiny and audit to their data. ScottishPower feel that the introduction of a Performance Assurance Framework could ensure that appropriate controls and incentives are put in place to ensure that, should this

modification be implemented there is visibility to the extent to which the retrospective update process is utilised.