

Representation

Draft Modification Report

0431: Shipper/Transporter – Meter Point Portfolio Reconciliation

Consultation close out date: 12 December 2013
Respond to: enquiries@gasgovernance.co.uk
Organisation: SSE
Representative: Anne Jackson
Date of Representation: 12 December 2013

Do you support or oppose implementation?

Not in Support

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

While we understand how this modification will identify unregistered and shipperless sites that are being billed for gas, we remain unconvinced about the benefits of doing this exercise, against the costs for both SSE and the industry of doing it in this way.

Additionally supplier systems are focussed on a billing relationship with a customer and our expectation is that this exercise is more likely to reveal live supply contracts where gas is not being offtaken, but where a debt is still outstanding for example. In the current climate this population is increasing. In order to provide a reason to xoserve for not registering a site, we anticipate that this fact would need to be revealed or implied. We believe that this is sensitive information and as such could put us in conflict with data protection requirements.

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

The target population of this exercise is unregistered or shipperless sites that are being billed by a supplier but not registered on xoserve's database. Identifying these sites would be the identified benefit of this modification, but there is no evidence available to suggest what volume this might be. Consequently we are not convinced that this benefit justifies the cost of the whole exercise.

We believe that many legitimate discrepancies between the two databases will be identified along with the target population. These may include customers who have had their meters removed for debt or theft but continue to have a billing relationship with the supplier for example. Consequently we are not clear about the volume of work that will require manual examination following the reconciliation exercise. The mod requires a commitment to perform this work within 8 weeks. This is particularly concerning as there is no guarantee that any of the target population will be identified for the effort expended.

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We are also concerned that in order to provide a legitimate reason for not registering a site we may be required to reveal personal or sensitive data about the customer. We would not be able to do this, as this would breach data protection legislation. Without a legitimate reason for not registering a site xoserve are likely to register the site to SSE automatically, thereby increasing costs when no gas is being consumed. (Legal text reference 2.13.11)

We believe that the exercise could be performed by suppliers more efficiently, as shippers receive their detailed shipping portfolios on a regular basis and shippers can pass this data to suppliers for them to perform the same analysis. In SSE's case this would be at lower cost and would therefore be more efficient. Suppliers could warrant performance of the exercise, provide reconciliation reports and effect the necessary confirmations.

We would also anticipate that the gas TRAS would be able to assist in identifying sites in the target population. It is anticipated that similar data extracts will be required for the TRAS and this modification will therefore increase supplier costs for no additional benefit over all.

Self Governance Statement:

Do you agree with the Modification Panel's decision that this should not be a self-governance modification?

*Are you in agreement with the decision to remove the Self-Governance status from this modification? If not, please state reasons why *delete*

We are in agreement with that this should not be a self governance modification.

Relevant Objectives:

How would implementation of this modification impact the relevant objectives?

c) Efficient discharge of the licensee's obligations Impacted

This modification contributes to transporter obligations. For shippers and suppliers to perform this exercise at their cost is an efficient way for the transporter to fulfil its obligations. However this modification does not dictate an efficient mechanism for shippers and suppliers. The same results can be achieved for a lower cost through different mechanisms, but the results (as yet unproven) may not justify the cost.

d) Securing of effective competition Positive

This modification will identify unregistered or shipperless sites that are being billed by a supplier. This will improve the accuracy of xoserve's registration database, reduce the levels of unidentified gas and therefore increase the accuracy of gas allocation leading to more effective competition between shippers and suppliers.

Impacts and Costs:

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

SSE has concerns regarding the manual exercise that would be required to examine the reconciliation discrepancies. If the volumes were high, greater levels of appropriately skilled staff

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would be needed at short notice to perform the exercise within 8 weeks. This has not been costed but remains a concern.

SSE has not ascertained the cost of providing the data extract.

SSE systems are unable to receive unsolicited flows for registrations and SSE has not obtained costs for altering systems to do so. This cost is not thought to be insignificant.

Implementation:

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

SSE would wish to reduce the likelihood of false positives thereby reducing the manual effort that might be required, so would require time to design and test the extract criteria. SSE would like a minimum of 4 months notice before the provision of the first data extract. Consequently if an authority decision was made at the end of March 2014 it is very unlikely that a portfolio extract could be provided in May 2014.

Thereafter SSE would need 6 weeks (30 days) notice before the same extract was required again. This would be necessary in case of data re-structures since the extract was last used, which would necessitate minor redesigns to the extract criteria. The modification allows only 20 days notice. It is assumed that the effectiveness of the evaluation would be reduced if suppliers provided an extract not taken on the 'Portfolio Date' and it is unclear why the transporter cannot guarantee more notice.

Legal Text:

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

The 'Supply Portfolio' should be better defined as if suppliers resort to extract criteria involving the registration status of the site, the effectiveness of the whole exercise would be compromised.

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