

Representation

Draft Modification Report

0434: Project Nexus – Retrospective Adjustment

Consultation close out date: 06 January 2014
Respond to: enquiries@gasgovernance.co.uk
Organisation: SSE
Representative: Mark Jones
Date of Representation: 06 January 2014

Do you support or oppose implementation?

Support

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

Allowing incorrect data to be retrospectively amended will produce a more accurate allocation of energy and costs amongst shippers by the reconciliation close out date and will make data more accurate going forward allowing energy to be more accurately settled. With the rollout of smart meters the amount of data will increase significantly and also the ways it will be used will change. Any error on a single data item that affects a large number of meters could result in very large misallocations in settlements. This modification will provide an 'insurance policy' against this event by allowing correction of such a situation to be undertaken much more quickly and easily. Without this functionality a data correction of this nature could take significant time and lead to parties incurring incorrect costs on large amounts of misallocated energy.

It is sensible to bring in this modification at the same time as modification 432 and to build this functionality into a brand new system rather than try to retrofit it at a later date which would result in significantly higher costs and a longer development time.

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

No.

Relevant Objectives:

How would implementation of this modification impact the relevant objectives?

We agree with the proposer that this modification will positively impact relevant objective d) Securing of effective competition because it will make energy and cost allocation amongst shippers more accurate and reduce risk which will lead to more effective

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competition. Energy billed to consumers will be reflective of the energy that shippers are settled on.

Impacts and Costs:

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

There will be a one-off IT cost to SSE in moving from a manual to an automated solution involving more data items to be updated, but we believe that this cost will be far outweighed by the benefits of retrospective adjustments which will be realised over a number of years going forward.

Implementation:

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

We agree with the proposer that this modification should be implemented on 1st October 2015 if modification 432 is implemented on this date. If this date is not met then this modification should be implemented at the same time as modification 432.

Legal Text:

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

Yes.

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.