Representation - Draft Modification Report UNC 0651
Changes to the Retrospective Data Update provisions

Responses invited by: 5pm on 09 August 2018

To: enquiries@gasgovernance.co.uk

Representative:	John Welch
Organisation:	npower
Date of Representation:	09/08/2018
Support or oppose implementation?	Oppose
Relevant Objective:	**d)** Negative

Reason for support/opposition: Please summarise (in one paragraph) the key reason(s)

npower opposes modification 651, the key reasons for which we set out below. In summary, it is our view that this modification puts forward the least effective and most expensive solution to the requirement for retrospective data updates in settlements.

More specifically, our concerns centre on the following areas:

- The proposed data cleanse would be more onerous and time-consuming than is envisaged here. A recent transporter portfolio data comparison exercise (as a result of the process laid out in the UNC following modification 431) has taken some time to complete, and this was a previously existing process with a relatively basic set of data items to compare. Meter asset data is far more complex, and the suggested number of data items is far greater in number. There is a strong risk that this exercise would consume far more time and resource than is being predicted in this proposal.

- The proposal is at least partly based on the assumption that smart metering will put an end to such data exception issues. While some improvement is possible, to consider that the issue will disappear is unrealistic. Furthermore, the proposed timing of such a one-off data-cleanse does not appear to take into account the imminent exchange of millions of meters through the smart roll-out programme. While parties across the industry will no doubt take all due care to ensure data related to these activities is correct across all systems, a natural error rate in such an exercise is unavoidable. As a result, any limited benefits gained by a data-cleanse at such a time would be rendered redundant by such a subsequent large scale change of meter assets.

- The enduring arrangements proposed here are of a simplified and ‘watered down’ variety, which would ultimately leave the industry with a weaker and less robust set of processes to manage this issue in future. Our view is that the most

desirable arrangements should include a robust set of processes that allow parties to retrospectively correct data in settlements on an ongoing and enduring basis, both during and after smart roll-out. The originally agreed scope for retrospective adjustments would provide this.

- While transporters would benefit from reduced development costs to central systems in this proposal, there would be an increase in cost for shippers, and the additional cost of resourcing an onerous data-cleanse means that this was the most expensive option presented (in review group 624R) for shippers. Furthermore, time and resource may already been expended on the original design and scope that was already agreed pre-Nexus, by CDSP and users. The outcome of this proposal would be simply a reapportionment of (greater) industry costs, providing a higher likelihood of increasing customer bills as a result.

The original design and scope for retrospective adjustments was agreed some years ago, collaboratively by the industry, and was uncoupled from the main delivery of Nexus in good faith (with the expectation it would be delivered approximately twelve months later). This scope was worked up over time, with recognition that there was a genuine requirement in a new system for a robust process to correct data retrospectively in settlements, rectifying a shortfall in the pre-Nexus arrangements. From an industry perspective, the need for such arrangements has not changed. It would appear a retrograde step to replace a collaborative solution with one that favours one set of parties at the expense of others, diminishing the effectiveness of future arrangements in the process.

The electricity industry has long maintained a robust systematised process for dealing with retrospective data issues in settlements, and it does not seem unreasonable for the gas industry to maintain similar for the benefit of its own settlement regime.

For the reasons highlighted above, npower believes this modification does not further relevant objective d).

Self-Governance Statement: *Please provide your views on the self-governance statement.*

We agree that this modification should follow authority direction procedures.

Implementation: *What lead-time do you wish to see prior to implementation and why?*

While we do not support this modification, if implemented we would prefer a lead time of at least 9 months.

Impacts and Costs: *What analysis, development and ongoing costs would you face?*

As submitted as part of our input to review group 624R, from the options put forward, this proposal offered the most expensive solution - resulting in greater resource requirements (for the ongoing solution as well as the data cleanse) for the least effective outcome.

Legal Text: *Are you satisfied that the legal text will deliver the intent of the Solution?*

No issues to note.

Are there any errors or omissions in this Modification Report that you think should be taken into account? *Include details of any impacts/costs to your organisation that are directly related to this.*

This proposal was carried forward as one of the options discussed in review group 624R, but the consultation results have not been highlighted here, which showed that this proposal represented the most expensive of the presented options for the industry.

Please provide below any additional analysis or information to support your representation

None supplied.