

## Representation

### Draft Modification Report

#### 0362 - Use of 'notional Meter Readings' and 'Agreed Opening Meter Readings' for Individual CSEP Reconciliation

**Consultation close out date:** 19 May 2011

**Respond to:** enquiries@gasgovernance.co.uk

**Organisation:** **ScottishPower Energy Management Ltd**

**Representative:** Lorraine Kerr

**Date of Representation:** 19<sup>th</sup> May 2011

#### **Do you support or oppose implementation?**

Not in Support

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

While we support the intent of this Modification, which is to introduce the functionality already in place around Estimated Opening Reads and SAR's on GT sites, to iGT sites and CSEP reconciliation, we have some issues with the proposal, which means we are not able to support its implementation.

The GT reconciliation is a long established process that reconciles to actual readings each time a read is submitted to xoserve, irrespective of the change of Supplier process. This means that the majority of the reconciliation period is based on actual consumption, at the point of read submission, and only the start/end position, when a supply point transfers, is potentially based on an estimate. This estimate is effectively based on the AQ and therefore a "zero rec" results as the estimate of consumption is on the same basis as the "deemed" volume in allocation, and therefore zero. This can of course be adjusted through the Shipper Agreed Read (SAR)/Inter Shipper Dispute (ISD) process. To resolve the issue of unreconciled iGT sites, this proposal would effectively "zero rec" all previous Suppliers reconciliation periods or leave such periods unreconciled (which in essence are same thing) and only correct the position going forward. Consequently, this means that the accuracy of AQ's is crucial in determining if allocation is accurate or not. We are therefore concerned that the allocation would not be accurate.

In addition, the Modification does not provide any detail regarding the energy volume associated with those LMNs which have never been reconciled. The Proposal provides percentages of the unreconciled LMN's but this does not give an estimate of the scale of the problem. We would like to understand the energy impact of the unreconciled iGT sites.

Another concern relates to the SAR process. At present there is no requirement on Shippers to provide an agreed read to the iGT (or GTs) and subsequently no requirement on the iGT to accept or store these readings. We think further work in this area would be required to ensure the use of SARs for iGT CSEP reconciliation is fit for purpose. We also believe that as there will be reliance on iGT estimated readings through this process, that it would be prudent to ensure consistency of approach from the iGTs to estimated readings and for Shippers to understand the algorithms used.

To summarise, in principal we believe that using these reads is a good idea, but practically we have concerns about the historical periods and believe further discussion on wider impacts is necessary prior to implementation of this Proposal.

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

Yes, we believe the issues noted above should be recorded within the Modification Report.

### **Self Governance Statement:**

*Do you agree with the Modification Panel's decision that this should be a self-governance modification?*

Yes, the Proposal as stands meets the criteria for self-governance.

### **Relevant Objectives:**

*How would implementation of this modification impact the relevant objectives?*

0362

Representation

19 May 2011

Version 1.0

Page 2 of 3

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We agree with the Proposer that the ability to allow a greater number of individual CSEP reconciliations to take place reduces the risks on Shippers who are subject to RbD costs and consequently should result in more accurate cost allocation. This in turn should help to facilitate the securing of effective competition between Shippers. However, we would caution that without consideration of the historical reconciliation this Relevant Objective would not be met.

### **Impacts and Costs:**

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

We are concerned that without consideration of the wider context, as above, we could be exposed to inaccurate historical reconciliations as a result of the implementation of this modification. At this stage this impact is unknown but could be considerable.

### **Implementation:**

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

As noted above, we believe this modification would benefit from industry debate and further development, hence we would suggest the Modification is passed back to an appropriate workstream to allow this work to be completed.

### **Legal Text:**

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

We think the proposed legal text does deliver the intent of the modification, however, as indicated we think the scope is too narrow and requires consideration of the wider implications prior to progression for implementation.

### **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.*

None.