

CODE REVIEW PROPOSAL No 0272
Mod 640 Validation Arrangements for when a Change of Shipper has occurred
Version 1.0

Date: 06/11/2009

Nature and Purpose of Proposal

Network Code Modification Proposal 0640 was implemented with effect from 28 June 2004. This proposal was designed to place an incentive on Shippers to actively manage their SSP-LSP portfolio during the year to ensure that energy was correctly allocated. Subsequently UNC Modification Proposal 0095 was implemented in October 2006, this enables Mod 640 charges to be targeted at SSP-LSP crossers even when a change of registered Shipper has occurred during the year, applied in proportion to the duration of ownership in the period impacted.

Modification Proposal 0094 was also implemented in October 2006, this allowed Mod 640 charges to be applied to sites where the Q had changed by less than 20% or 15,000 kWh. This therefore increased the number of sites that were close to the threshold and so would be exposed to Mod 640 charges. Modification Proposal 0136V was implemented in August 2007, this amended the UN so that if a SSP site had been appealed to LSP between October and March 90% of the Mod 640 charges would apply, whilst SSP-LSP appeals outside of this window would be exposed to 100% of Mod 640 charges.

The mod 640 invoice is issued in March each year. However when this invoice is issued Shippers have no way of validating the invoice for SSP-LSP crossers that were no longer in their ownership when the annual AQ review took place, and in some cases all the data held by the old Shipper suggests that the site was, and should have remained as a SSP site and so Mod 640 invoices should not have been incurred. It is therefore proposed that this review proposal considers two distinct areas:

1. Information Provision to old Shippers to validate Mod 640 invoices

In particular it is proposed that the review group considers:

- What information should be made available to validate the Mod 640 invoice
- When this information should be provided
- Whether this is a User Pays service and what the funding arrangements should be if it is a User Pays service
- Any other issues that relate to the provision of information to old Shippers to validate Mod 640 invoices

2. Whether a disputes mechanism for Mod 640 invoices is required

In particular when there is information to suggest that the Supply Meter Point crossed the SSP-LSP threshold during a particular Shipper's ownership is an inter-Shipper dispute mechanism required to ensure costs are correctly targeted? In particular the review group should consider:

- **Whether a disputes mechanism is required**
- **Which parties should be involved in a disputes mechanism**
- **When this should occur – start and end dates**
- **What would the rules of any dispute mechanism be**
- **What should the governance of such disputes mechanism be**
- **Whether this is a User Pays service and what the funding arrangements should be if it is a User Pays service**
- **Any other issues that relate to the arrangements to dispute a Mod 640 invoice were a change of supplier has occurred**

Any further information (Optional)

Timing

It is recommended that initially this review proposal should run for 6 months, however given the complexity of the issues this may need to be extended depending on how this review develops.

UNC Modification Proposals

EDF Energy's initial view is that the outcome of this review may result in two distinct modification proposals. We would therefore request that the review group considers how best to implement the outcome of this review and whether a modification proposal should/could be raised prior to the review group concluding.

Constitution of Review Group

This review group should be opened to all Transporters and their agents, Code Users and consumer representatives.

Code Concerned, sections and paragraphs

Uniform Network Code

Transportation Principal Document

Section(s)

Proposer's Representative

Stefan Leedham (EDF Energy)

Proposer

EDF Energy