

# Mod 0451

Alternative Approaches

Workgroup Meeting 29 May 2013

# Modification 0451 Objective

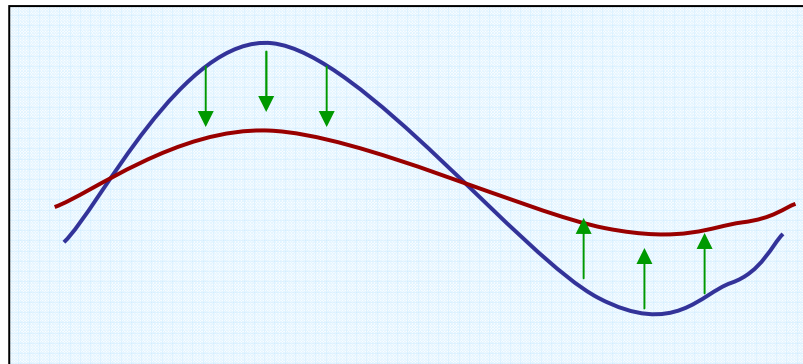
- “... as they have a higher visibility of their usage, the profile of a pre-payment customer is flatter than that of a standard domestic credit meter
- This results in an over stated gas allocation for this sector of the market.”
- “Implementation of this proposal would ensure greater accuracy of gas reconciliation within the prepayment sector, which would decrease the exposure suppliers, especially smaller suppliers, have in being incorrectly allocated.”

– *Source: Modification 0451 Version 1.0*

# Alternative Suggestion

- *Tim Davis (Joint Office) has suggested:*
  1. *Somebody establishes that an average PPM is over allocated by £120 per annum.*
  2. *Each month, Xoserve send a cheque to each Shipper for £10 times the number of PPMs they have registered on Xoserve's systems on the 15th of the month.*
  3. *Xoserve add up the aggregate amount credited to Shippers as a result of PPMs, and add this into RbD for the month, making the monthly invoices a bit higher all round.*
- According to the Modification, the profile of a prepayment meter is flatter, not lower
- Following slides take this suggestion and develop into a redistribution principle, rather than a reduction principle

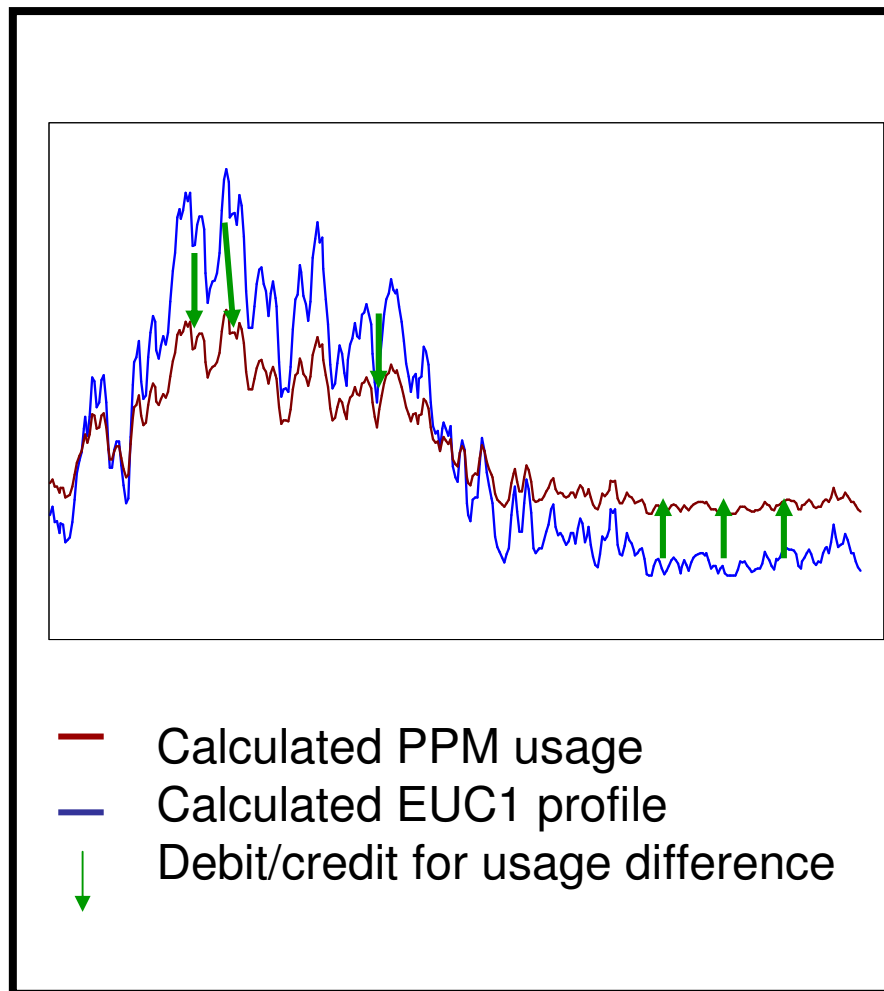
# Alternative 1: Fixed [Monthly] Correction based on Seasonal Normal Profiles



- Estimated PPM profile
- Standard EUC1 profile
- ↓ Debit/credit for profile difference

- Before the Gas Year develop an estimated profile for [prepayment] meters
- Each month calculate the diff between standard and PP usage at seasonal normal
- Bill after month end at [average SAP] for month based on [PP] portfolio
- KWh amounts known in advance
- Opposite entry to RbD

## Alternative 2: Variable [Monthly] Correction based on Actual Weather



- Before the Gas Year develop an estimated profile for [prepayment] meters and weather sensitivity
- Each month calculate the diff between standard and PP allocation based on actual weather (CWV)
- Bill after month end at [average SAP] for month based on [PP] portfolio
- KWh amounts not known in advance
- Opposite entry to RbD

# Possible RbD Treatments – for use with either Alternative

- Option 1 – Prepayment sites remain in RbD
  - Prepayment sites still share RbD charges so help bear the cost of unidentified gas
- Option 2 – Prepayment sites are removed from RbD
  - Prepayment sites only bear the cost of their estimated usage