

Representation

Draft Modification Report

0507 - Changing The Effective Date of 0451AV (Individual Settlements For Pre-Payment & Smart Meters)

Consultation close out date: 08 September 2014

Respond to: enquiries@gasgovernance.co.uk

Organisation: British Gas Trading

Representative: Andrew Margan

Date of Representation: 08 September 2014

Do you support or oppose implementation?

Support

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

Modification 451AV introduces an offline mechanism to adjust cost allocation for prepayment sites. The rationale for the adjustment is that prepayment customers have a flatter profile than credit meter customers, although their AQ may be the same. This results in prepayment customers picking up higher cash out industry costs through the winter period.

The prepayment profile and the IS system for allocating this adjustment are not ready, even though Mod 451 AV went live in February 2014. As a result debit and credit adjustment values are accruing, with no way of accurately passing through these costs/credits to customers. This causes uncertainty and risk to the industry.

We agree with the proposer, that the prepayment adjust period should be linked to a gas year rather than be implemented part way through the year. Otherwise the prepayment adjustment will not be balanced equally over 'seasonal' periods. This will skew the prepayment adjustment, with no justification and potentially negatively impact prepayment customers.

Therefore we believe that the prepayment adjustment should be linked to the gas year and if the allocation profile data or the system is not available in time, Mod 451AV should be reversed.

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

None identified

Relevant Objectives:

How would implementation of this modification impact the relevant objectives?

Mod 451AV was deemed to promote securing of effective competition between shippers.

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Should the prepayment allocation not link the adjustment period to the gas year, as the original proposal intended, its implementation could have an adverse impact to competition.

Therefore this proposal corrects a defect in code which will either link the prepayment allocation period to a complete gas year or reverse the change out completely, which will ensure relevant objective d) Securing of effective competition is achieved.

Impacts and Costs:

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

No additional costs have been identified with this proposal

Implementation:

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

We hope that as much notice is provided regarding the authority decision.

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