

Representation

Draft Modification Report

0396: EU Third Package: Three week switching

Consultation close out date: 02 March 2012
Respond to: enquiries@gasgovernance.co.uk
Organisation: EDF Energy
Representative: Stefan Leedham
Date of Representation: 02 March 2012

Do you support or oppose implementation?

Support

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

This modification will ensure that the GB gas market and suppliers are compliant with the EU requirements to facilitate Supply Point transfers within 3 weeks. This proposal ensures that this requirement can be met and will also minimise the system impacts on Shippers as this is a relatively simple change; although we do expect to incur system costs to support this change. At the same time we would note that implementation of this proposal could have a detrimental impact on the customer experience during a supply point transfer. This is caused by the fact that Shippers will only have 3 business days to raise and resolve objections, increasing the risk that erroneous transfers are not prevented, and increasing the risks that objections are not cleared and resolved compared to the current arrangements. However, given that most transfers are raised without any objection we believe that overall this will have a positive impact on customer experience.

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

It would be beneficial if Xoserve could identify the percentage of SSP transfers that occur with an objection so that the industry and Ofgem could attempt to quantify the impact of this proposal on customer experience.

We would also seek clarity as to how the Scottish bank holiday will be treated under this proposal, or whether the industry would be reliant on the Gas Transporters classifying this as a non-business day to ensure compliance.

Relevant Objectives:

How would implementation of this modification impact the relevant objectives?

We agree with the work group report that implementation of this proposal will facilitate relevant objectives A11.1 (a) and A11.1 (g).

Impacts and Costs:

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

We will incur costs in amending our systems to support this change.

We will also incur an increase in operational costs to raise and resolve queries within 3 business days. In particular we note that currently raising and resolving objections to a supply point transfer requires a significant amount of manual intervention. If the number of objections remains unchanged then we would expect implementation of this proposal to require additional resources as there is less time to resolve objections.

Implementation:

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

Timely implementation is required to ensure compliance with EU 3rd package requirements and licence requirements; however, the industry also needs to be given sufficient time to implement changes to their systems and the associated testing. We believe that this should best be resolved through the UK Link Committee and would urge early engagement by Xoserve through this if a decision to implement is taken.

Legal Text:

Are you satisfied that the legal text and the proposed ACS (see www.gasgovernance.co.uk/proposedACS) will deliver the intent of the modification?

We have no comments on the legal text.

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.

As previously noted although this proposal meets EU 3rd package requirements we are concerned about the potential negative impact that this could have on customer service and experience in the event that an objection is raised. At the same time we are also aware that there are numerous other developments that may impact on the supply transfer process including Project Nexus and Smart metering. To this end we believe that there would be significant value if enduring arrangements were developed so that the gas and electricity timelines and processes were aligned. This would enable real benefits to customer service and experience to be realised, along with benefits to supplier systems and processes. We therefore support implementation of this proposal as a temporary solution to ensure compliance with the EU 3rd Package but recognise that there are further opportunities that can be realised in the future when registration moves to the DCC.

For clarity we prefer implementation of 0396 over modification proposal 0403.