Representation

Draft Modification Report

0398: Limitation on Retrospective Invoicing and Invoice Correction (3 to 4 year solution)

Consultation close out date: 09 January 2012

Respond to: enquiries@gasgovernance.co.uk

Organisation: **EDF Energy**

Representative: Stefan Leedham

Date of Representation: 09 January 2012

Do you support or oppose implementation?

Support

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

The evidence presented to the workgroup on this topic has clearly demonstrated that reducing the reconciliation window will not have a material impact on energy allocation, whilst providing a benefit to suppliers from a reduced risk profile as Shippers will have assurance that the settlement process has closed. Implementation of this proposal would also more closely align the settlement window with the back billing arrangements that domestic suppliers currently adhere to. Finally implementation of this proposal would also provide a transition arrangement for implementation of 395 by enabling the industry to develop processes and arrangements for working towards a shorter reconciliation window. Implementation of 152 has demonstrated the benefits from reducing the settlements window by encouraging Shippers to ensure that they have taken action to ensure energy reconciliation for LSPs in a timely manner.

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

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Views have been expressed that implementation of either 398 or 395 would be inconsistent with the statute of limitations, and expose Shippers to the risk of being unable to recover costs that they have to reimburse customers. We are also aware of the view that the statute of limitations only applies when there are no back stop dates within contracts. If this latter view were the case then Suppliers could seek to amend their contract terms to provide a backstop date aligned with the settlement period and so address these issues. Finally we note that there may be synergies with implementation of this proposal and potential reforms that are being discussed with regards to the I&C back billing issues.

Relevant Objectives:
How would implementation of this modification impact the relevant objectives?

We agree with the modification report in that implementation of this proposal will have a positive impact on competition and administration of the UNC.

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

We would expect a minor increase in our operational costs to ensure that our meter readings and USRVs had been resolved prior to implementation; however, we would expect this to be transient in nature. Our ongoing costs would therefore be unchanged.

Implementation:
What lead-time would you wish to see prior to this modification being implemented, and why? Modification Panel Members have indicated that it would be particularly helpful if respondents could indicate their preferred implementation timescale.

We support the modification proposals proposed implementation date of April 2012. We note that there is nothing stopping Shippers submitting meter readings and resolving USRVs earlier than they currently do, and Shippers could have proactively addressed this during the development of this proposal. Further as demonstrated by the analysis provided by Xoserve the energy at risk is minimal further supporting an April 2012 implementation.

Legal Text:
Are you satisfied that the legal text will deliver the intent of the modification?

We are satisfied that the legal text reflects the intent of this modification.

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.

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We would expect implementation of this proposal to reduce the risks faced by SSP Shippers. This should result in a lower risk premia being incorporated into the tariffs that are on offer to these customers.

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