

Representation

Draft Modification Reports

0395 - Limitation on Retrospective Invoicing and Invoice Correction (2-3 years) and 0398 Limitation on Retrospective Invoicing and Invoice Correction (3-4 years)

Consultation close out date: 9 January 2012

Respond to: enquiries@gasgovernance.co.uk

Organisation: **GDF SUEZ Solutions Limited**

Representative: Phil Broom

Date of Representation: 09/01/2012

Do you support or oppose implementation?

GDF SUEZ does not support the implementation of either Modification 0395 or Modification 0398.

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

Any shortening of the reconciliation period would widen the gap further between the statute of limitation for customer claims and the ability for a shipper to settle via the industry processes. Both of these modifications place an unacceptable level of risk on the Large Supply Point (LSP) sector as un-reconciled gas which has timed out in the industry process is credited to the Small Supply Point (SSP) sector via the RbD process. A shortened reconciliation process may be suitable for the SSP sector which it is tariff priced and risks are diversified but it is not a suitable solution for the LSP sector where contracts are individually priced and settled.

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

The report should be adapted to reflect the significant impacts on the LSP sector.

Relevant Objectives:

How would implementation of this modification impact the relevant objectives?

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Version 1.0

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Both modification 0395 and 0398 would detrimentally affect competition between shippers and suppliers and hence are contrary to SLC 11.1 (d). The additional risks placed on the LSP sector are disproportionate to those shipper/suppliers who are active only in the LSP sector and any arising costs cannot be diversified. Only shipper/suppliers who are active in the Domestic market will benefit from this proposal. This will provide a disincentive to existing companies competing in the LSP sector and will deter new entrants.

Impacts and Costs:

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

These proposals should be subject to a Regulatory Impact Assessment to properly ascertain the full market impacts.

Implementation:

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

We do not support implementation.

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