

Representation

Draft Modification Report

0429: Customer Settlement Error Claims Process

Consultation close out date: 07 June 2013
Respond to: enquiries@gasgovernance.co.uk
Organisation: RWEpower
Representative: Edward Hunter
Date of Representation: 07 June 2013

Do you support or oppose implementation?

Not in Support

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

RWEpower believe that correct cost allocation is imperative to energy markets. Reducing the reconciliation period on a progressive basis is necessary to achieve accurate customer billing and settlement costs in the future. With the introduction of the Smart Energy Code, aligning both gas and electricity settlement processes would be a positive step, however can only be achieved with full transparency of these costs backed by an encompassing performance assurance framework that gives market participants assurance in the quality of data.

We have significant concerns around the robustness of the process detailed in this modification and the governance structure around it. This modification may result in significant changes in what we believe should be crystalized costs creating uncertainty and risk in future pricing based on historical settlement costs. It is our view that the industry should be striving to prevent future errors whilst reducing reconciliation timescales appropriately and in line with this progress.

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

No

Relevant Objectives:

How would implementation of this modification impact the relevant objectives?

- d) Securing of effective competition:
- (i) between relevant shippers;
 - (ii) between relevant suppliers; and/or
 - (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers.

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RWEnpower believes that this modification may have a negative impact on competition by use of this process to the detriment of industry settlement when focus should be directed towards resolving root cause issues and avoiding settlement error.

Impacts and Costs:

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

To maintain a competitive position amongst market participants if this modification was implemented there would be considerable ongoing resource costs associated with this.

Implementation:

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

None

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?

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