

Representation

Draft Modification Report

0395: Limitation on Retrospective Invoicing and Invoice Correction

Consultation close out date: 03 February 2012
Respond to: enquiries@gasgovernance.co.uk
Organisation: **ScottishPower**
Representative: Marie Clark
Date of Representation: 2 February 2012

Do you support or oppose implementation?

Qualified Support *delete as appropriate*

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

We are of the opinion that a reduction to the period in which settlement retrospective invoicing and correction can be applied is a benefit to the Industry and as such will assist in reducing the risk of uncertainty to Shipper costs. Under the ERA Billing Code, which promotes the timely production and accuracy within customer bills, Suppliers are not permitted to back bill their domestic customers greater than 12 months where an error has been identified and has not been previously communicated to the customer within that period. Current settlement arrangements permit invoices and reconciliations to be processed up to 5 years following the initial energy allocation. This length of time, in our view, presents Shippers with undue risk and an extended period of uncertainty. Within our response to Mod 398 we stated that we would have expected that Mods 395 and 398 be consulted on together so that we could judge the merits of each Mod side by side and thereafter present our views and preference. However we understand that as Mod 398 was not raised as an alternative to Mod 395 that this has not been possible.

While we support the intention of both Mods, on detailed consideration, we have a preference for Mod 398. We believe that the solutions proposed by both Modifications should encourage Users to submit timely meter readings which would allow the rectification of initial energy allocations across market sectors. Meter readings can have a positive or negative effect on energy allocations, and all UNC change should have as one of their core objectives, the further promotion of accuracy within settlement.

We believe from the data included within the Modifications on the levels of un-reconciled energy which remains outstanding year on year over the 5 year period from 2007-2010, that a high volume of un-reconciled energy still remains between years 2-3. We would favour an incremental change in approach, to ensure as much reconciliation as possible, and therefore would prefer the implementation of Mod 398 prior to a move to a 2-3 year settlement regime. This stepped approach would allow the results of previously approved Modifications such as Mod 292 to take effect and allow sufficient time to understand in more detail any unrecognised impacts associated with reducing the retrospective adjustment and invoice correction period any further. Further Modifications intended to address Shipperless/Unregistered Sites and incentives relating to Theft Investigations should also bring about improvements to the accuracy of energy allocations between Shippers and the market sectors.

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

Yes, we believe that the impact of any change on iGT CSEP reconciliations needs to be considered. As confirmed within the AUG Report 693GWh of energy has been estimated as remaining un-reconciled within this AUG Year. Due to delays in the exchange of information between parties involved within the initial CSEP Connections process, and delays in the subsequent registration of MPRNs against Shipper Portfolios with the creation of Logical Meter Numbers, it is extremely difficult to place a value on the level of reconciliation and invoice adjustment that remains outstanding. Data inconsistencies between that held by the iGT and Xoserve has presented difficulties in the processing of change of supply updates and timely reconciliations. There has been a number of Modifications implemented which attempt to improve the process and overcome some of these difficulties however there remains large volumes of energy which are un-reconciled. The introduction of a Single Service Provision will assist in improving the timing and ease of submission of CSEP updates and as a consequence will increase certainty of energy allocations. However, prior to migration of iGT MPRNs to any single service provision, there is likely to require an extensive data cleansing exercise resulting in potential invoice adjustments and corrections. Any reduction in the Settlement period requires to consider the timing of migration, the processing of reconciliations and the potential movement of energy allocations between Shippers due to differences between the CSEP and iGT Portfolios.

Relevant Objectives:

How would implementation of this modification impact the relevant objectives?

We believe that this Modification Proposal will further the achievement of the following Relevant Objectives (d) and (f)

By minimising the risks presented by an extended Settlement window, this Modification will provide increased certainty to Shippers in relation to cost allocation. Increased certainty will encourage market entrants and therefore the securing of effective competition between Shippers and Suppliers.

Impacts and Costs:

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

None identified

Implementation:

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

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If this modification were implemented we would prefer an implementation date of 1 April 2013 at the earliest, as this would give shippers time to align their invoiced and billed volumes and mitigate the risks raised by some parties in their consultation responses.

In addition, more detailed information may be available on the impacts of migrating iGT MPRNs under a Single Service Provider. Sufficient time needs to be allowed to ensure that the appropriate adjustments and corrections are made within Settlements to reflect any changes to Shipper CSEP portfolios.

Legal Text:

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

No comments.

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 comments.