

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: **ScottishPower Energy Management Ltd**

Representative: David McCrone

Date of Representation: 09 January 2012

Do you support or oppose implementation?

Neither Support or not support – comments offered

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

ScottishPower recognises that a reduction in the invoice period will provide more confidence to shippers in the volumes being invoiced for and therefore provide an incentive to balance more closely against customer billing. However this could create a conflict with the conditions set out in The Statute of Limitations Act 1980, despite commitments made by a substantial part of the shipper community mean that the majority of customers cannot be billed retrospectively for more than one year (under the ERA Billing Code). This means that risk exists as shippers can be invoiced for amounts that cannot be reconciled with customer billing. This proposal will reduce the risk currently attributed to the majority of Supply Points.

At this time we are not prepared to support this proposal, as there are three other proposals in consideration, which we believe should be considered at the same time as this proposal. These being MOD335, MOD335A and MOD395.

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

None.

Relevant Objectives:

How would implementation of this modification impact the relevant objectives?

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This modification could provide greater confidence in the amounts being invoiced for and reducing the possibility for retrospective amendments that cannot be reconciled with customer billing. This reduction in risk will help secure effective competition between shippers and suppliers, and would therefore help facilitate relevant objective (d).

The reduction in time allowed to make retrospective amendments will place an incentive on transporters to ensure that invoicing is correct at the time of issue. Shippers and suppliers will also be incentivised to ensure that their invoiced and billed volumes are closely aligned. These points will promote efficiency in the implementation of the code and so further relevant objective (f).

Impacts and Costs:

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

We do not envisage any material costs implementing this modification.

There is a risk of being exposed to future costs if invoiced and billed volumes are not aligned within the period allowed but this modification provides an incentive on shippers to ensure this is not the case.

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.

If this modification were implemented we would prefer an implementation date of 1 April 2013, 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.

Legal Text:

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

We have not reviewed 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.

No.

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