

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: **Shell Gas Direct**
Representative: Antony Wright
Date of Representation: 06 January 2012

Do you support or oppose implementation?

Not in Support

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

SGD strongly does not support Mod 0398 due to the lack of parity between the timescales given in this MOD and the The Statute of Limitations Act 1980. This lack of parity creates a great risk to suppliers, due to the possibility of having to reconcile a customer back six years, when only being able to reconcile back with Xoserve for 3 to 4 years maximum. As a supplier specialising in large high gas consuming customers, the financial risk associated with this lack of parity is severe.

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?

SGD believes that MOD 0398 does not satisfy relevant objective (d) (ii) furthering of competition between relevant suppliers.

This is due to the fact that SGD has a portfolio with many large energy users, with this kind of portfolio the risk involved in billing anomalies is far greater than those suppliers who have many smaller supply points where the expose is much less.

If MOD 0398 is passed any billing errors could be reconciled for up to six years as stated in The Statute of Limitations Act 1980. Whereas the supplier would not be able to reconcile this energy with the network, and due to the high volumes involved in SGD's and other organisations portfolios this could create a substantial financial loss for the supplier.

Impacts and Costs:

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

A considerable value of historic over/under billing has successfully reconciled by SGD in 2011, if this MOD is implemented the financial impact could be severe as this historic reconciliation will no longer be possible.

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.

SGD would not like to see MOD 0398 implemented; however SGD believes the current proposed implementation date of April 2012 would not be enough time to evaluate its reconciliation position, and resolve all historic imbalances. Therefore a lead time of at least 1 year would be advisable.

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.