

## 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:** WINGAS UK Ltd  
**Representative:** Rob Johnson  
**Date of Representation:** 12/12/2011

#### Do you support or oppose implementation?

Not in Support

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

WINGAS UK Ltd does not support the proposals in MOD 0398 as it believes that as a small business focusing on a specialised (high end consumer) sector of the market, the timescales for retrospective billing from a network position against that of a consumer position (six years in the Limitations Act 1980) creates risk of suppliers of larger I&C customers being exposed to large bill corrections without the ability of reflecting this in settlement. If the Modification should be applied to the UNC, WINGAS UK Ltd also has a specific and immediate concern regarding the timescales to implementation (intention being April 2012). An April 2012 implementation date would not give WINGAS and others in the market (including Xoserve) sufficient time to analyse their entire portfolio and query / resolve any billing anomalies before the period is cut off.

#### 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?*

Due to the fact that the high energy consumers, that WINGAS UK has as customers, generally have their own sophisticated energy management capabilities, it is common for billing anomalies to originate from the consumer where both the shipper and network have overcharged for consumption. As the customer is supported by The Statute of Limitations Act 1980, the supplier is required to reconcile billing back to a six year cut off. The supplier would not be able to reconcile this energy with the network and, due to the high volumes / low margins involved, this could have a terminal effect on the viability of a small company such as WINGAS UK. We note that this is not a risk that organisations with a large SSP portfolio face where the individual cost exposure is much smaller.

This modification therefore goes against relevant objective (d) (ii) furthering of competition between relevant suppliers.

With regards to timescales, WINGAS UK is committed to identifying and resolving any instances of energy imbalance it can prior to each existing annual cut-off, as part of its business as usual activities. However due to the origins of these anomalies often being unknown, complete reconciliation cannot be guaranteed, and as stated above, even a single overcharge anomaly left unresolved, could result in a liability towards a small supplier such as WINGAS UK and have a profound impact on company performance. With this in mind, implementation in 2012 would represent too high a risk of all existing overcharges not being identified and satisfactorily resolved.

### **Impacts and Costs:**

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

In 2011 WINGAS UK Ltd has successfully reconciled legacy overcharges in partnership with Xoserve and its colleagues of significant value. It is anticipated that further reconciliation is necessary and implementation in 2012 will jeopardise adjustments owing.

### **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.*

WINGAS UK opposes this modification; however, a lead time of at least 1 year would be essential to return its portfolio to a position of balance having resolved all legacy imbalance.

### **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.