

## Representation

### Draft Modification Report

#### 0353 - Population and Maintenance of the Market Sector Code within the Supply Point Register

**Consultation close out date:** 04 March 2011

**Organisation:** ScottishPower Energy Management Ltd

**Representative:** David McCrone

**Date of Representation:** 02 March 2011

#### Do you support or oppose implementation?

Qualified support

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

Given that a number of industry processes and documents make a distinction between domestic and non domestic supply points it is appropriate to ensure that this data is accurately held and maintained within central systems. We note however that there is no consideration of how the accuracy of any updates would be confirmed, either during the transitional period or as part of the enduring solution. Because of this we can only provide our **qualified support** to the proposal and feel that it could benefit from further development to consider how these controls would be put in place.

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

We feel that the proposal has not considered how xoserve will guarantee that those updates which are provided by the shipper, or completed by xoserve as a result of information passed from the shipper, are accurate. The proposal states that the accurate population of MSC for supply points will allow for greater market differentiation and in turn, possibly lead to new market sectors. As future changes may mean that these new sectors are treated in different ways and are subject to different arrangements, it is crucial that the information that this is based on is accurate.

#### Relevant Objectives:

*How would implementation of this modification impact the relevant objectives?*

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*(d)(i)&(ii) "Securing of effective competition between Shippers and Suppliers"*

We note that the proposal considers further market differentiation may be possible as result of accurate population of the MSC. We agree that a more granular view of the market could lead on to Suppliers offering products or services targeted to particular customer groups and as a result promote effective competition.

*(f) "Promotion of efficiency in the implementation and administration of the Code"*

There are a number of existing UNC processes based upon domestic and non domestic definitions without these currently being defined terms within the UNC. The introduction of this as set out in legal text, and ensuring the accurate completion of the MSC, will allow this differentiation to be made.

**Impacts and Costs:**

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

We note that population of the MSC is possible using the existing T73 file and therefore no change is required to the existing functionality.

The User Pays solution considers that Shippers will be charged based on the relative proportion of the total number of blank MSC entries remaining. Given the indicative costs provided it is possible that a Shipper/Supplier may have such a relatively small number remaining that the cost of invoicing through User Pays exceeds that of xoserve actually populating the MSC. We suggest a deminimus value is considered under which Shippers would not incur any User Pays charges. The mod does state that if a small number of total MSC entries remain a less complex solution may be considered but this has not been specified and it is unclear what this would be.

The proposal does not state how the accuracy of the MSC would be confirmed by xoserve after all blank MSC values are populated or how xoserve propose to validate the statements provided by Shippers in relation to any remaining blank MSCs. Shippers/Suppliers will therefore incur a cost in confirming this information during the transitional period. Following this Shippers/Suppliers will also be required to develop some form of control, both at the confirmation of a new supply point and as Supply Points move between domestic and non domestic over their lifetime, in order to ensure data passed to xoserve is accurate.

**Implementation:**

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

We have no concerns over the implementation of the proposal following direction from the Authority.

We have provided comments on the transitional period following implementation below.

**Legal Text:**

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

We have no concerns over the legal text that has been provided as part of the Draft Modification report.

**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.*

We note from the proposal that shippers are to be provided with a six month transitional period in which to populate the MSC. We have not seen any evidence within the proposal to support the view that a further six month period is justified or that it would result in significant improvements. We suggest that a reduced transitional period is recommended in order to expedite resolution of the issue.

We acknowledge however that with any time limited transitional period there may be a perverse incentive on the Shipper/Supplier to make an arbitrary decision about a supply point's MSC rather than complete a full investigation in order to avoid incurring User Pays charges for any MSCs which remain blank. There is a balance to be struck therefore between ensuring a swift but accurate resolution and this should be considered when developing any solution with it being crucial that sufficient controls are in place.