Representation - Draft Modification Report UNC 0651
Changes to the Retrospective Data Update provisions

Responses invited by: 5pm on 09 August 2018

To: enquiries@gasgovernance.co.uk

Representative:	Lesley Bowen
Organisation:	EDF Energy
Date of Representation:	09 August 2018
Support or oppose implementation?	Oppose
Relevant Objective:	**d)** ~~Positive~~/Negative/~~None~~ ** delete as appropriate*

Reason for support/opposition: Please summarise (in one paragraph) the key reason(s)

This modification proposal, to change what was originally agreed as part of UNC434 (Project Nexus), will not derive customer benefits and will place additional costs onto suppliers. The original design allowed for re-reconciliation, accurately reflecting the billed usage that suppliers pass on to their customers into Xoserve's read history. The current position and the alternative solutions suggested would not allow accurate read history to be recorded, which will then impact the associated AQ values. The result of UNC434 not being delivered will place additional cost onto suppliers. It is also not clear what will happen to the budget originally allocated to implement RAASP as part of Nexus if Option Four is chosen, or if consumers will be rebated.

Option Three remains EDF Energy's preference, as it would deliver a more efficient industry-wide solution, as originally intended through Project Nexus. Option Three, will result in a reduction in rejections and therefore, a reduction in creation volume as issues are able to be identified and resolved throughout the industry. Within the original Retrospective Adjustments for Assets and Supply Points (RAASP) solution, this will also deliver the required AQ re-reconciliation for the affected period. This will allow an aligned billing to settlement performance at a lower cost.

The data cleanse Option Four will be costly and difficult to deliver at an industry level; the actual benefit would only be slightly more than the current 'fix forward' approach EDF Energy takes today. This option would only partially address the billing to settlement gap for suppliers.

Competition will not be improved as stated in the Draft Modification Report, the ability for improving customer data rests with Xoserve not only with suppliers, who are constantly trying to improve data quality. It would be negative for competition between shippers and suppliers, given the extra work and cost that Option Four would place on suppliers.

The majority of the objections to RAASP are Distribution Network Operator (DNO) led. Introducing Option One and Option Four as an alternative would only facilitate and resolve Xoserve's issues. However, this puts a higher cost on shippers / suppliers without providing a solution different to the current 'fix forward' approach. In addition, this would not provide a guarantee that this is future proofed. For example, where suppliers were not able to identify the correct meter installation dates. Providing the best possible system for users to be able to correct complex issues would be the only future proofed solution for all parties. Xoserve, as the central data provider and system database owner, is best placed to deliver this on behalf of consumers. Xoserve has the historical start and closing meter readings, which are required to support a cleanse data exercise.

The modification states that the smart meter rollout will 'fix' the underlying issue. It is our understanding that retrospective asset updates to Xoserve's systems will always be needed for smart assets. The volume of errors should reduce, as the data should be cleaner for SMETS2 installations. However, cross-metering and new home plot to postal address metering errors are still likely to be present. Additionally, the large volume of smart installations between now and 2020, should still provide all parties an incentive to deliver full RAASP and accurately resolve metering issues at the point of delivery, or retrospectively post-delivery.

The modification states that improving the system and implementing full RAASP would take away the incentive to get it right first time. It is in supplier's interest to do so, as delays to updating information has an impact on the performance of suppliers, such as financial performance, billing to settlement gap, customer experience, and the prevention and swift resolution of complaints. It is counter-intuitive to dismiss the only future proofed solution to the currently known problems, based on a sceptical perception of supplier behaviour post implementation.

If a full RAASP solution is not delivered suppliers would remain with the current restrictions, which do not allow for the complete and accurate updating of the information held. For example, any read beyond an exchange date, including change of supplier gain reads would block the asset being removed on its correct removal date or read. This would, by consequence impact updating the new meter on the correct start read. Therefore, the next cyclic read will be validated against the start read in Xoserve, so fixing forward incorrectly will have a detrimental effect to settlement e.g. estimated removal and installation reads being treated as actual, updating AQ and being used as a validation of the next read, potentially causing rejections.

Self-Governance Statement: *Please provide your views on the self-governance statement.*

EDF Energy agrees that this modification requires authority decision given the material impact of this modification.

Implementation: *What lead-time do you wish to see prior to implementation and why?*

We would expect an approximate implementation time of six months plus one year for the data cleanse exercise. However, there is no guarantee it would be completed within a year.

Impacts and Costs: *What analysis, development and ongoing costs would you face?*

The below table details the expected impacts and costs:

Costs	Implementation	Enduring
Operational Resource (FTE cost)	10-15 FTE	30 FTE (15 Data Cleanse plus Option 1) Year 2 – 9 FTE Year 3 – 5.4 FTE Year 4 – 3.24 FTE Year 5 – 1.94 FTE
Exp Notes	This is likely to require project involvement, reporting for volumes, understanding items for clearance, actions for resolution and people/systems to complete the activity.	Additional 15 FTE to manage post Nexus exceptions. Plus 15 FTE to undertake data cleanse activity. We estimate this option will reduce FTE requirement by 40% year on year as data becomes cleaner and less rejections are received. this is currently being utilised to manage the additional exceptions post Nexus delivery. This will reduce over time, a percentage reduction would reflect the effort delivered through the data cleanse.
Other Costs (£)	£4,685 New reports to support data cleanse activity.	
Exp Notes	Reporting costs to EDF Energy to support a data cleanse project.	
System Costs – operational (£)	£0.00	£20k
Exp Notes	We do not anticipate extra cost for implementation.	Years 2-5 of change request costs
System Costs – development (£)	100k	£0.00
Exp Notes	Cost divided by five, then remaining four to be added to enduring.	Covered as enduring costs only for us.

Legal Text: *Are you satisfied that the legal text will deliver the intent of the Solution?*

The legal text references the period of days allowed for the data extraction and comparison. However, it does not appear to provide a timeframe for reviewing and correcting any anomalies between the data. We recommend this is included within the legal text to provide full clarity to the process and expectations for all parties involved.

We have also detailed within the implementation section that our initial assessment to complete a data cleanse is one year.

Are there any errors or omissions in this Modification Report that you think should be taken into account? *Include details of any impacts/costs to your organisation that are directly related to this.*

N/A

Please provide below any additional analysis or information to support your representation

N/A