

**CODE MODIFICATION PROPOSAL No 0220**  
**Invoicing Arrangements for Late Payments**  
**Version 3.0**

**Date:** 17/09/2008

**Proposed Implementation Date:** 31/12/2008.

**Urgency:** Non Urgent

**1 The Modification Proposal**

**a) Nature and Purpose of this Proposal**

Currently under UNC Section S 3.5 “*where any amount payable under an Invoice is not paid on or before the due date, the paying party shall pay interest, after as well as before judgment, at the Applicable Interest Rate, on the unpaid amount from the Invoice Due Date until the Day on which payment is made.*”

E.ON UK fully supports the incentive, but Shippers are reliant on Transporters to raise the debit/credit Interest Invoice, as per the Operational Rules Governing the Supply of Invoices Charges Via the Ad-Hoc Process document. Under UNC there is no timescale defined within which the Transporter must raise an Interest Invoice and Shippers are unable to raise Interest Invoices. This could result in a situation whereby Interest Invoices are not raised in a timely manner, or the Transporter could raise only late payment debits (i.e. if the Shipper has paid late), but fail to raise late payment credits (i.e. if the Transporter has paid late). This could lead to a perverse situation where late payments costs are only recovered by the Transporter.

E.ON UK believes that the timing and raising of an Interest Invoice needs to be clarified within the UNC, which will ensure appropriate invoice behaviour is maintained whereby no party is disadvantaged inappropriately. It is therefore proposed that a change to UNC Section S 3.5 is required, to define the time period in which the Interest Invoice (triggered as a consequence of late payment) is to be issued by the Transporter. It is proposed that the UNC be amended to state that an Interest Invoice be raised no more than 35 days after the date of the late payment.

For the avoidance of doubt, this proposal applies equally to values which are credits and debits to shippers. The proposal applies only to Gas Transportation Invoices and will exclude Energy Balancing Invoices. No change is proposed to the Invoice Due Date of the Interest Invoice as specified within Section S3.1.2(b)

**b) Justification for Urgency and recommendation on the procedure and timetable to be followed (if applicable)**

Urgent procedures are not requested for this proposal.

**c) Recommendation on whether this Proposal should proceed to the review procedures, the Development Phase, the Consultation Phase or be referred to a Workstream for discussion.**

The subject matter of, and the background to, this proposal has been discussed extensively at the Billing Operations Forum. Following presentation at the August Mod Panel, this proposal has now been discussed and developed at the August Distribution Workstream. Further to comments received at this meeting, E.ON UK has made some changes to the proposal and now requests this it is discussed in its current format, at the next Distribution Workstream to ensure it is fully developed, before proceeding to consultation.

**2 Extent to which implementation of this Modification Proposal would better facilitate the achievement (for the purposes of each Transporter's Licence) of the Relevant Objectives**

The proposer believes that implementation of this proposal will clarify that Interest Invoices need to be raised in a timely manner by Transporters. In doing so, this proposal will better facilitate *"the promotion of efficiency in the implementation and administration of the network code and/or the uniform network code"* (SSC A11.1 (f))

**3 The implications of implementing this Modification Proposal on security of supply, operation of the Total System and industry fragmentation**

No implications for the security of supply have been identified.

**4 The implications for Transporters and each Transporter of implementing this Modification Proposal, including:**

**a) The implications for operation of the System:**

No implications for the operation of the system have been identified.

**b) The development and capital cost and operating cost implications:**

It is the proposer's understanding that there is no direct capital, development or operating costs on Transporters resulting from this proposal.

**c) Whether it is appropriate to recover all or any of the costs and, if so, a proposal for the most appropriate way for these costs to be recovered:**

As above, no such costs have been identified.

**d) The consequence (if any) on the level of contractual risk of each Transporter under the Uniform Network Code of the Individual Network Codes proposed to be modified by this Modification Proposal**

No implications have been identified.

**5 The extent to which the implementation is required to enable each Transporter to facilitate compliance with a safety notice from the Health and Safety Executive pursuant to Standard Condition A11 (14) (Transporters Only)**

Not applicable.

**6 The development implications and other implications for the UK Link System of the Transporter, related computer systems of each Transporter and related computer systems of Users**

No implications for the UK Link system of the Transporters have been identified.

**7 The implications for Users of implementing the Modification Proposal, including:**

**a) The administrative and operational implications (including impact upon manual processes and procedures)**

It is anticipated that, if implemented, this proposal would enhance clarity around the current administrative procedures regarding raising Interest Invoices.

**b) The development and capital cost and operating cost implications**

We do not anticipate any significant capital or operating costs for Users.

**c) The consequence (if any) on the level of contractual risk of Users under the Uniform Network Code of the Individual Network Codes proposed to be modified by this Modification Proposal**

No adverse implications have been identified.

**8 The implications of the implementation for other relevant persons (including, but without limitation, Users, Connected System Operators, Consumers, Terminal Operators, Storage Operators, Suppliers and producers and, to the extent not so otherwise addressed, any Non-Code Party)**

No adverse implications have been identified.

**9 Consequences on the legislative and regulatory obligations and contractual relationships of the Transporters**

No implications for the legal and regulatory obligations have been identified.

**10 Analysis of any advantages or disadvantages of implementation of the Modification Proposal not otherwise identified in paragraphs 2 to 9 above**

**Advantages**

- Transporters and Shippers will have clear guidelines regarding the raising of debit/credit Interest Invoices.

- Shippers will not be penalised if Transporters are unable to raise the Interest Invoices.
- There will be adequate incentives to ensure Interest Invoices are processed by the Transporters in a timely manner.

**Disadvantages**

- None identified.

**11 Summary of representations received as a result of consultation by the Proposer (to the extent that the import of those representations are not reflected elsewhere in this Proposal)**

No representations received.

**12 Detail of all other representations received and considered by the Proposer**

No representations received.

**13 Any other matter the Proposer considers needs to be addressed**

No other matters outstanding.

**14 Recommendations on the time scale for the implementation of the whole or any part of this Modification Proposal**

To be implemented in full by 31/12/2008.

**15 Comments on Suggested Text**

**16 Suggested Text**

**Code Concerned, sections and paragraphs**

Uniform Network Code

Transportation Principal Document

**Section(s)** TPD, Section S 3.5

**Proposer's Representative**

Alex Travell (E.ON UK)

**Proposer**

Alex Travell (E.ON UK)