

Representation

Draft Modification Report

0378: Greater Transparency over AQ Appeal Performance

Consultation close out date: 06 January 2012

Respond to: enquiries@gasgovernance.co.uk

Organisation: **ScottishPower Energy Management Ltd**

Representative: David McCrone

Date of Representation: 06 January 2012

Do you support or oppose implementation?

Qualified Support

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

ScottishPower supports the principle of the modification but believes it misses a real opportunity to give greater transparency to the AQ Review process. The modification proposes to introduce reports showing the aggregate movement during the Review period, the number of increases and decreases during the Review period, and the AQ appeals submitted outwith the Review period. It does not propose to record the full range of AQ amendments. For instance the modification as drafted will not provide a view per Shipper at the T04 stage that shows the percentage of AQs going up and down prior to the amendment phase starting. This would have shown what meter readings that are submitted during the year are doing to influence AQs and increase confidence in the process further. Also by focusing on AQ appeals the new reports will, in this regard, highlight changes to LSPs only.

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

The modification as drafted will not provide reports on the entire possible range of AQ updates. Therefore it does not meet the proposer's intention of providing full transparency and or give the industry absolute confidence that Shippers are acting appropriately through the AQ process (during the Gas Year, amendment and appeal phases).

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Relevant Objectives:

How would implementation of this modification impact the relevant objectives?

d) Securing of effective competition:

(i) between relevant shippers;

(ii) between relevant suppliers; and/or

(iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers

Improving the content and accuracy of the assurance framework for the AQ appeal process, through additional MOD81 reporting, will provide more confidence that the AQ Review process is being used properly and that there is less chance of potential abuse. This will also allow any such abuse to be more easily identified and raised to the Authority for investigation.

By reducing the risk of misuse of the AQ appeal process, the allocation of costs between shippers will be more accurate, and thus further facilitate relevant objective (d).

f) Promotion of efficiency in the implementation and administration of the Code

The introduction of more detailed reporting around the AQ appeal process will allow any instances of suspected abuse to be more easily identified. We note that the modification will not cover all AQ updates that take place (those influenced by meter readings submitted prior to the T04 stage) - so while it does facilitate relevant objective (f), further improvements could be made and we are disappointed that the Proposer did not take on board such suggestions at the development stage.

Impacts and Costs:

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

Aside from those described in the proposal we would not expect to face any additional material costs following implementation.

We note however that this is not necessarily the case if the modification is implemented with MOD0387. This would introduce an unintended consequence that could lead directly to shippers being required to invest substantial time and resources investigating and responding to potentially spurious claims about their AQ behaviour from other shippers.

Implementation:

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

We are satisfied with the implementation date described in the modification.

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.

We have no further comments.

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