

## Workgroup Terms of Reference

### **0395 - Limitation on Retrospective Invoicing and Invoice Correction** **0398 - Limitation on Retrospective Invoicing and Invoice Correction (3 to 4 year solution)**

**Date referred from Panel:**

15 March 2012

### **Background**

Having considered the Final Modification Reports for Modifications 0395 and 0398, Ofgem have directed the UNC Modification Panel to expand upon the analysis and supporting information contained within the Final Modification Reports prior to resubmission.

Please see the Ofgem letter at [www.gasgovernance.co.uk/03950398](http://www.gasgovernance.co.uk/03950398) for further background.

### **Final Modification Report Considerations**

As a minimum, Ofgem expect the additional information in the revised FMR to:

- quantify the benefits of the modifications in terms of the reduction in shippers' risk and credit exposure;
- determine the causes of energy remaining un-reconciled after 3-5 years;
- set out the typical lead times to resolve settlement disputes or adjustments, together with the estimated scale and age profile of such adjustments;
- consider the financial implications of a shortened reconciliation window in terms of re-distribution between Small Supply Point (SSP) and Large Supply Point (LSP) sectors (or vice versa); and,
- further consider the impact of these modifications upon UNC Parties non-code liabilities, their ability to mitigate any associated risk and the applicability of remedies outside of the normal settlement process.

The Workgroup is also requested to:

- Provide evidence on whether further reconciliation subsequent to the proposed cut off would ordinarily be expected to simply confirm the original allocations, or involve a significant redistribution of costs;
- Provide evidence of the extent to which suppliers' tariffs currently anticipate the risk of reconciliation and the likely effect that its removal may have on tariff structures;
- Assess the extent to which meter reading performance is influenced by the prevailing settlement window;

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- Assess the impact on the relevant objectives of the differences between the two modifications, namely the relative length of the proposed settlement windows and their respective implementation dates;
- Assess the optimum implementation date for each modification;
- Identify alternative remedies under the UNC, in equity and in law, including consideration of how the Limitation Act 1980 would be applied and its effect on any right of recovery.

## Outputs

Produce a revised Final Modification Report, for submission to the Modification Panel, containing the assessment of the Workgroup.

## Composition of Workgroup

The Workgroup is open to any party that wishes to attend or participate.

A Workgroup meeting will be quorate provided at least two Transporter and two User representatives are present.

## Meeting Arrangements

Meetings will be administered by the Joint Office and conducted in accordance with the Code Administration Code of Practice