

Representation

Draft Modification Report

0507 - Changing The Effective Date of 0451AV (Individual Settlements For Pre-Payment & Smart Meters)

Consultation close out date: 08 September 2014
Respond to: enquiries@gasgovernance.co.uk
Organisation: Winchester Gas
Representative: Huw Comerford
Date of Representation: 3rd September 2014

Do you support or oppose implementation?

Support

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

We believe that the implementation of modification 0451AV in February 2014 before the pre-payment profile, that is to be used for billing, and the Xoserve billing solution is ready, has brought about considerable market uncertainty for any shipper that operates in the pre-payment market. This is because once the Xoserve billing solution is ready shippers are going to be receiving an invoice based on a profile they currently have no visibility of which makes financial planning very difficult. When Ofgem directed 0451AV to be implemented 0451V was rejected due to the retrospective element within it. However by having no profile or solution ready an element of retrospection has been introduced which something the industry has always tried to avoid due to the market uncertainty it brings. Ofgem themselves have rejected modifications that would have brought about more accuracy to the market due to market uncertainty, an example of this being the decision on modification 0456.

The February implementation date also goes against the original intent of 0451 for the new profile reconciliation to be based over a whole gas year as any over or under allocation of gas during the winter or summer months is netted off over the course of a year and so would result in an unbalanced reconciliation. This is also the reason Ofgem gave for rejecting iGT054 which would have introduced the pre-payment profile to the iGT pre-payment supplies.

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

Relevant Objectives:

How would implementation of this modification impact the relevant objectives?

We believe that this modification will have a positive impact on objective D, as currently there is market uncertainty due to shippers facing an invoice for an unknown amount based on an as yet unknown profile.

If was also raised within workgroup this modification has a negative effect on objective F, however we believe this is countered by the fact this modification will ensure the reconciliation under the new profile is over a whole gas year so more accurately meets the original intent of 0451.

Impacts and Costs:

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

None

Implementation:

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

None

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.

Within workgroup it was raised there were concerns that the costs incurred so far for 0451AV have been put at risk, however we believe this risk is minimal as there are still another 3 months for Ofgem to reach a decision and the profile to be developed (DESC have been developing this for 5 months already).