

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: E.ON
Representative: Colette Baldwin
Date of Representation: 10 September 2014

Do you support or oppose implementation?

Oppose

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

The premise that this creates retrospection is incorrect as the implementation date and the ability of Xoserve to issue the adjustment invoices was all known at the time of the implementation, and no charges are being applied prior to the implementation date agreed. Given that the proposer provided the majority of the evidence for the scale of the impacts to make the case for the original mod, it's difficult to argue that they cannot adequately forecast the monthly impact of the adjustment based on their portfolio.

The case for change and the cost benefit case for the mod were based on the change being in place for a period of almost two years before Nexus Go-Live, by delaying the implementation of the mod the costs that have been sunk will be recovered over a shorter period of time, thereby increasing the per meter point cost of the change over the life of the solution and a different decision on the modification may have been made.

Finally, the proposal asserted that small suppliers were being detrimentally impacted by the existing charging arrangement and that it was unacceptable to have a cross subsidy between Prepayment and credit meter supply points. By changing the implementation date to a future date we will be legitimising the incorrect charging for a longer period, which is of course detrimental to competition as it is a fundamental principle of the competitive market that charges should be accurate and cost reflective.

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

No

Relevant Objectives:

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How would implementation of this modification impact the relevant objectives?

This would negatively impact competition as it would permit the known subsidy of a customer type to impact charges.

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?

As we do not support this modification, we would not wish to see it implemented.

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.

As the original proposal was raised as an urgent modification because of the financial impact on niche market participants, it was granted urgent status to allow for the impact to be corrected quickly – to now delay the implementation seems to be at odds with the conclusion Ofgem reached that implementation of the proposal furthered the relevant objectives and had a positive impact on competition.