

Amendment Invoice Task Force Update

Friday 5th April 2019

Dear Customers and Industry Colleagues,

Progress within our Amendment Invoice (AML/ASP) Task Force continues to be made, with a further reduction in month-on-month mismatches witnessed for large supply points within the February 2019 billing cycle that has recently completed, as well as a reduction observed in the number of shippers incurring supporting information mismatches altogether. Despite this month-on-month progress that we've seen since the December 2018 billing cycle, we acknowledge that work is required to fully address this issue and alleviate all of our customers concerns surrounding the monthly Amendment Invoice and its supporting information files.

"We're driving reductions in month-on month supporting information mismatches for large supply points, as well as reducing the overall number of shippers impacted each month..."

Please find outlined below some of the key progress updates from within the team.

Line in the Sand Activities

In parallel to all of the ongoing workstream activities within the Task Force, a number of operational resources within Xoserve have been ring-fenced to ensure that all necessary Line in the Sand (LIS) activities relevant to the Amendment Invoice are completed prior to the yearly movement of the LIS. Please find detailed some key information in relation to our Amendment Invoice LIS undertakings.

What is the Line in the Sand?

The Line in the Sand is the UK gas industry's common term for the Code Cut-Off Date (defined in UNC General Terms – Section C). The concept of a Code Cut-Off Date was introduced to limit the duration of retrospective charges and credits, to give all parties more certainty on historic energy bills.

The LIS is currently reset annually to a date 3 years in the past, and rolls forward once a year on April 1st, to simplify the changes for all parties. As of 1 April 2019, the LIS moves to 1 April 2016 (i.e. 3 years ago), and will move forward by another year to 1 April 2017, on 1 April 2020, and so on each year. Thus the LIS is always a date between three and four years in the past.

How does the Line in the Sand impact the Amendment Invoice?

In practice having a LIS means that no retrospective adjustments can be processed for periods before that date (once the March Amendment Invoice has been issued in late April each year). Where a proposed adjustment or reconciliation spans the LIS date, only the post-LIS portion will be charged/credited, and any earlier periods will not be corrected, leaving the previous billed/reconciled position unchanged. Our invoicing system calculates the energy for the whole period, using the start and end dates, but splits it on the prevailing LIS date.

What LIS tasks are the Xoserve Amendment Invoice Task Force currently undertaking?

Reconciliations which are still held in Exceptions or Exclusions at the point that the LIS moves could be affected, if the adjustment/reconciliation period spans back before the new LIS date. For 1st April 2019, only amendments/reconciliations to Larger Supply Points (LSPs), those sites with an annual quantity (AQ) greater than 73,200 kWh, are affected, as Meter Point Reconciliation did not apply to Smaller Supply Points prior to Project Nexus Go-Live.

We have therefore prioritised the identification and resolution of Exceptions and Exclusions relating to LSPs (based on AQ for the period April 2015 to March 2016) to make sure that wherever possible all pre-April 2016 Billing Periods have been released on the March 2019 Amendment Invoice.

Where a Smaller Supply Point (SSP) reconciliation is being held back, with a start read date before April 2016, there will be no billable energy associated with any billing periods prior to June 2017. Effectively all sites which were SSP at Project Nexus go-live have a reconciliation LIS of 1 June 2017.

From a total population of circa. 275,000 large supply points (LSPs) that are live on our UK Link system, the team are currently working to resolve a pot of exceptions/exclusions for 168 of these LSP sites that we believe have reconciliations for billing periods dating back to prior to 1st April 2016 (new LIS position).

When do these LIS exceptions have to be resolved by?

We are working to the milestone of 10th April 2019, which is the cut-off date for all reconciliations in respect to the March 2019 billing cycle. Approximately half of these 168 sites are Prime and Sub locations, for which Xoserve will be looking to pursue offline adjustments by the end of April 2019.

What options are available to Xoserve and its customers if some of these exceptions are unresolved by 10th April 2019?

Similar to 12-months ago, should we receive any new meter reads for large supply points late in the day (between 1st April and 9th April 2019) or should we fail to resolve any remaining known exceptions created prior to 1st April, our Customer Advocate team will commence engagement with each impacted shipper to discuss the materiality of each LIS reconciliation, and if necessary agree a plan to trigger offline adjustments.

March 2019 Billing Period Amendment Invoice Run

This month saw us witness a reduction in the total number of shippers impacted by supporting information mismatches. All such shippers that incurred a financial mismatch between their ASP supporting information files and their February 2019 Amendment Invoice have received email notification from the Xoserve Amendment Invoice team the same day as the receipt of their AMS and ASP files.

“Last month we issued 50% of the monthly ASP correction files to customers ahead of the invoice payment due date. This month we’re targeting 75% of correction files to shippers ahead of the payment due date.”

As you can see from within Figure 1 below, we have witnessed a downward trend of month-on-month MPRNs that are causing mismatches within the K88 and K89 records of the ASP supporting information file.

509 unique MPRNs caused supporting information mismatches this month, which following an initial assessment are largely as a result of broken Unique Billing ID (UBID) linkages. Unfortunately, we were unable to identify all impacted sites with such linkages in this state prior to issuing the AMS and ASP files to our customers on the invoice issue date. Planning of future mitigation within each monthly billing cycle is underway.

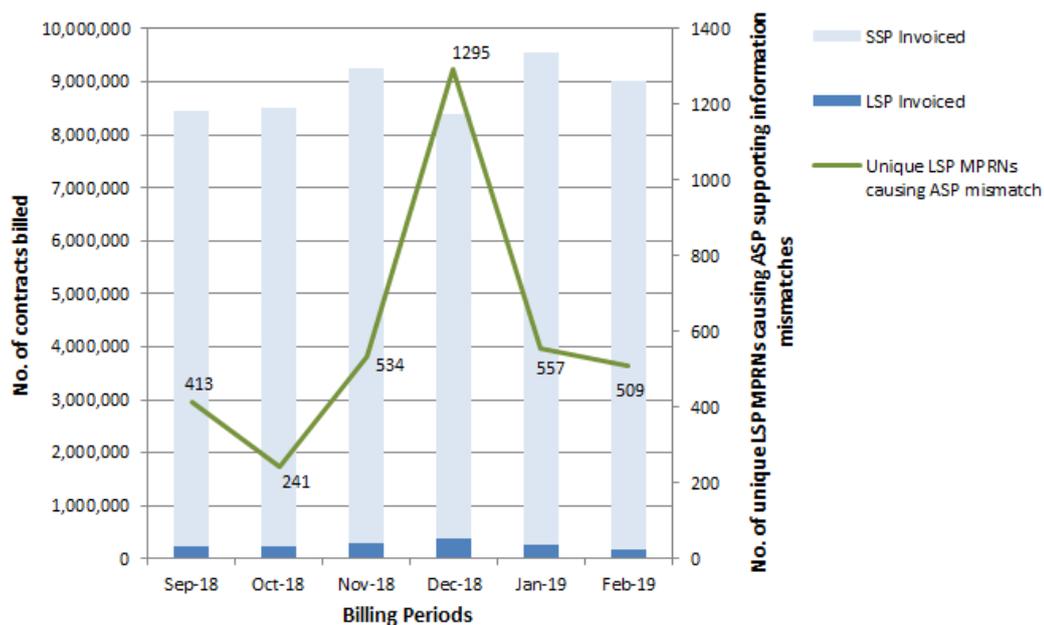


Figure 1: Trend of total number of billed sites alongside number of unique LSP sites causing ASP supporting information mismatches per billing cycle

January 2019's billing cycle saw our Amendment Invoice team successful compile and issue to customers 50% of the monthly ASP correction files ahead of the invoice payment due date. Within this current billing cycle, the team are currently on track to issue out 75% of the monthly ASP correction files to impacted shippers ahead of the payment due date on Monday 8th April 2019.

The February 2019 AML supporting information files are on track to be issued to shippers over the course of this weekend. As always, should you or your organisation have any queries in respect to your Amendment Invoice, please contact Rachel Martin's Amendment Invoice team via recandrbd.billing@xoserve.com.

“Our root cause analysis has helped us to identify a number of high priority defects and failed workarounds that are contributing to the majority of the mismatches observed.”

Defect Resolution

The second phase of our root cause analysis (RCA) has recently completed which, following the examination of the 557 MPRNs that were causing mismatches in the January 2019 billing cycle, has enabled us to identify a number of high priority defects and failed workarounds that are contributing to the majority of the mismatches observed. As was communicated previously, much of these mismatches were identified upon Re-Reconciliation scenarios. We've also identified a substantial number of mismatches caused as a result of either:

- Class 4 meter reads received for the same read date to that of an RGMA received read; or
- Class 4 meter reads received which are subsequently followed by the receipt of an RGMA read

Fixes have already deployed to our production systems to address these two scenarios, with monitoring now being undertaken by our operational teams in readiness for the March 2019 billing cycle to ensure such fixes are wholly successful.

Defect fixes continue to be tested and deployed to our UK Link systems each week. The latest version of the defect resolution plan can be found by visiting the Amendment Invoice [webpage](#)

Customer Workshop

Following feedback received at the March DSC Contract Management Committee, we are working with the Joint Office and Shipper Contract Managers to identify a suitable date within the next few weeks for us to hold a dedicated customer workshop. We see this as an opportunity for members of the Task Force to present detailed progress updates, and importantly low-level plans within each workstream as to when we expect to achieve stability within each area of the monthly Amendment Invoice cycle. It is our intent to provide the following Task Force updates at this workshop:

- An overview of target resolution plan to address process stability
- A walkthrough of actions on the resolution plan including planned target dates
- Discussion of current Task Force priorities and impact upon resolution plan
- An overview of resolved and outstanding AMS/ASP/AML system defects
- Discussion of future Amendment Invoice performance measures

As always, please feel free to contact myself or Deborah Coyle, our dedicated customer liaison manager, if you have any questions or queries you would like to discuss.

Kind regards,

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