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BY EMAIL

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Tel: 0141 568 3209  
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Dear Anna,

**Notice of Proposed Modifications of the Standard Licence Conditions of:**

- **The Electricity Supply Licence Under Section 11A of the Electricity Act 1989**
- **The Gas Supply Licence Under Section 23 of the Gas Act 1986**

ScottishPower would like to thank Ofgem for the opportunity to respond to the latest proposed licence condition and guidance notes for Suppliers.

We are comfortable that the proposed Licence Conditions as drafted are in line with our understanding of the Scheme and we therefore do not object to the introduction to the Conditions themselves at this stage. However, we do have some comments on the revised guidance document, as we are concerned that the amendments to the guidance do not present the best solution for Scheme Participants while we recognise that the guidance is designed to aid suppliers' understanding of the intent of the new Licence Conditions,

The guidance notes no longer account for the scenario in which the supplier can provide the twelve months of billing information closest to the CRC year, rather than estimate to the dates of the CRC year exactly. We believe this approach could present risks for suppliers and ultimately Participants, as there may be some circumstances in which it is more beneficial for the Participant to receive the actual previous 12 months billing information rather than estimate to align with the CRC Year.

A Participant's genuine quarterly read cycle may mean that their meter is read on 5th January and 5th April and a bill generated for these dates. Previous guidance would allow suppliers to use this information as it is the closest bill to the end of the CRC year while also providing the Participant with actual data. The revised guidance means suppliers, on creating a statement in April, will be required to estimate from 5th January to 31st March despite having actual consumption data up to 5th April. This will not only risk confusing Participants, as their statement will not align with billing, but also have the undesired outcome that it would be considered as an estimate. Scaling this up, and depending on a particular Participant's read cycle, this could mean that a Participant unjustly incurs the 10% uplift for having more than six months estimation over the CRC year and subsequently suffers a financial penalty for reasons that are outwith their control. We have described this scenario in more detail in the appendix to this letter. We believe that

the guidance notes should therefore allow for the scenario that suppliers are able to use the twelve months of data which most closely fits the CRC year, in certain specific cases.

We further note that the guidance notes have been amended to state the gas or electricity supplied throughout the CRC year with the exception of point 2.17 where the phrase “supply as billed” is used. For consistency and to avoid the risk of confusion to the Participant, we would suggest that this point should be changed to state the “electricity or gas supplied to the customer”.

We feel that further changes to the guidance notes may impact on some suppliers’ ability to implement the Condition in a suitable and timely way, as some suppliers may have already been making changes to accommodate the previous guidance notes. We believe that the comments made in this letter would help Suppliers to better implement the new Licence Condition, while also providing more accurate information for Participants.

I hope you find these comments useful but should you have any questions or would like further information on any matter please contact me on 0141 568 3209.

Yours sincerely

**David McCrone**  
Commercial Analyst

## ANNEX

Highlighting difference between Monthly & Quarterly billed accounts using suggested rules

### Monthly Invoice Details

<i>From</i>	<i>Read Type</i>	<i>To</i>	<i>Read Type</i>	<i>Bill Quality</i>
25/03/2010	Actual	25/04/2010	Actual	Actual
25/04/2010	Actual	25/05/2010	Actual	Actual
25/05/2010	Actual	25/06/2010	Actual	Actual
25/06/2010	Actual	25/07/2010	Actual	Actual
25/07/2010	Actual	25/08/2010	Actual	Actual
25/08/2010	Actual	25/09/2010	Actual	Actual
25/09/2010	Actual	25/10/2010	Actual	Actual
25/10/2010	Actual	25/11/2010	Actual	Actual
25/11/2010	Actual	25/12/2010	Actual	Actual
25/12/2010	Actual	25/01/2011	Actual	Actual
25/01/2011	Actual	25/02/2011	Actual	Actual
25/02/2011	Actual	25/03/2011	Actual	Actual
25/03/2011	Actual	25/04/2011	Actual	Actual

### CRC Report

<i>From</i>	<i>Read Type</i>	<i>To</i>	<i>Read Type</i>	<i>Bill Quality</i>	<i>% Period</i>
01/04/2010	Estimate	25/04/2010	Actual	Estimate	7%
25/04/2010	Actual	25/05/2010	Actual	Actual	8%
25/05/2010	Actual	25/06/2010	Actual	Actual	9%
25/06/2010	Actual	25/07/2010	Actual	Actual	8%
25/07/2010	Actual	25/08/2010	Actual	Actual	9%
25/08/2010	Actual	25/09/2010	Actual	Actual	9%
25/09/2010	Actual	25/10/2010	Actual	Actual	8%
25/10/2010	Actual	25/11/2010	Actual	Actual	9%
25/11/2010	Actual	25/12/2010	Actual	Actual	8%
25/12/2010	Actual	25/01/2011	Actual	Actual	9%
25/01/2011	Actual	25/02/2011	Actual	Actual	9%
25/02/2011	Actual	25/03/2011	Actual	Actual	8%
25/03/2011	Actual	31/03/2011	Estimate	Estimate	2%
<b>Total % Estimated</b>					<b>9%</b>

#### Summary:

The perfect monthly read and billed site could report 8% of usage estimated on the CRC report due to the current guidance.

### Quarterly Invoice Details

<i>From</i>	<i>Read Type</i>	<i>To</i>	<i>Read Type</i>	<i>Bill Quality</i>
25/03/2010	Actual	25/06/2010	Actual	Actual
25/06/2010	Actual	25/09/2010	Actual	Actual
25/09/2010	Actual	25/12/2010	Actual	Actual
25/12/2010	Actual	25/03/2011	Actual	Actual
25/03/2011	Actual	25/06/2011	Actual	Actual

### CRC Report

<i>From</i>	<i>Read Type</i>	<i>To</i>	<i>Read Type</i>	<i>Bill Quality</i>	<i>% Period</i>
01/04/2010	Estimate	25/06/2010	Actual	Estimate	23%
25/06/2010	Actual	25/09/2010	Actual	Actual	25%
25/09/2010	Actual	25/12/2010	Actual	Actual	25%
25/12/2010	Actual	25/03/2011	Actual	Actual	25%
25/03/2011	Actual	31/03/2011	Estimate	Estimate	2%
<b>Total % Estimated</b>					<b>25%</b>

#### Summary:

The perfect quarterly read and billed site could report 25% of usage estimated on the CRC report due to the current guidance.