



Regulation & Commercial

Supplier Contract Managers

Your ref

Our Ref

Date

22 February 2011

Contact / Extension

Jim McOmish
01698 413 407

Use of Gross Volume Corrections (GVC) in GSP Group_N, SP Distribution and GSP Group_D, SP Manweb

Dear [Addressess]

During the last eighteen months we have observed significant reductions in settlement data with respect to units distributed within our SP Distribution and SP Manweb areas, GSP Groups N and D respectively. These are materially impacting reported settlements for the later years of the 2005/06 – 2009/10 DPCR5 period.

We know, and you will be aware that, other Distributors have also seen similar impacts upon their settlements data. Additionally you may have seen Ofgem's recent decision on request from Northern Electric Distribution Ltd and Yorkshire Electric Distribution plc for consent to re-calculate units distributed for 2009/10 for the purposes of assessing true performance under the losses incentive scheme.

In order to better understand recent trends in settlements data I would ask that you provide the following information in the first instance.

- a) Whether you applied or are applying GVC in either or both of GSP Groups N and D impacting the period 2005/06 through to 2009/10;
- b) Whether you undertook any other systematic settlements rectification programme which had or is having the same impacts upon settlements as GVC but under some other process definition;
- c) The level of these adjustments in GWhs over that period; and
- d) A commentary on your approach to applying GVC or any other systematic settlements rectification programme, in particular with respect to the time period that the corrections or adjustments address. This should also include an explanation of the method used to determine the need for these corrections or adjustments.

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In order to provide a template to consider and report these we have enclosed a spreadsheet for completion and would ask that you complete this as fully as possible. E.g. if data is not recorded monthly please provide annual totals. If there are problems with providing the details specified we would welcome even qualitative responses.

This request for information is made in accordance with the provisions of Clauses 29.3 to 29.5 of the Distribution Connection and Use of System Agreement (the "DCUSA"), relating to the 'Provision of Metering Data'. Clause 29.4 of the DCUSA highlights:

"that it shall be reasonable for the Company to require any Metering Data which the User (or its BSC Party Agent) is obliged to provide to the Company and/or the relevant MPAS Provider in accordance with the provisions of, and in the form specified by, the MRA and/or the BSC."

BSC Procedure - BSCP504 (Non-half Hourly Data Collection for SVA Metering Systems Registered in SMRS) details Suppliers' obligations in respect of GVC processes for compensating errors and the retention of records.

I would be grateful if you could provide this information to me Jim.Mcomish@scottishpower.com copied to Paul.McGimpsey@scottishpower.com within two weeks of the date of this letter.

Thank you for your assistance with this issue.

Regards,

Jim McOmish
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ScottishPower Energy Networks

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