
Meeting name	VASMG
Date of meeting	Ex Committee
Paper Title	SAMPLE SUPPLIER CHARGES
Purpose of Paper	For Information
Synopsis	The VASMG requested a sample of the current Supplier Charges, using live PARMS Data, to provide them with a greater understanding of the effects of Supplier Charges costs and reallocations.

1. INTRODUCTION

- 1.1 As part of the analysis for the Definition Procedure of Modification Proposal P157, a request was made to view a sample of the current PARMS data.
- 1.2 A sample of the live PARMS Data that will be used in the June 2002 Supplier Charges for one GSP Group run has been selected and extracted for this exercise. The GSP Group selected was neither the best nor the worst performing GSP Group. June 2002 was selected as this is the first month that all of the Serials, against which Supplier Charges will be fully applied for a whole month.

2. DATA TABLE

- 2.1 A data table is attached as Appendix A and shows the charges accrued against all the Applicable Serials with the exception of Serial 10. Serial 10 data requires PARMS to look back to NETA Go Live to seek what data is missing and applies a count of days for all previous reporting periods where data remains missing. It should be noted that when Supplier Charges were run under the Pooling and Settlement Agreement, Serial 10 comprised of 10% of the overall charges accrued.
- 2.2 The table does not contain any reallocation of the 10% share of funds. This value is calculated at the end of the Supplier Charge process and the 10% is apportioned from all Supplier Charges accrued across all GSP Groups. However, it should be noted that as Suppliers are Physical Traders, they will also be in receipt of funds from the 10%.
- 2.3 For each Supplier in the table provided, the individual Supplier Charge against each Serial has been calculated and the total across all Serials is represented in the 'Sum Charges' column. This is not necessarily the charge that is taken forward.
- 2.4 Each Supplier has a 'Net Liability' which is calculated by subtracting the share of the 90% of their own charges from their 'Sum Charges'.
- 2.5 If 'Net Liability' exceeds their cap then a calculation is applied to ensure that each Supplier only pays their Cap value. Where a Cap has been breached the new value is shown in the 'SC Adjusted for Cap Breach' column.

- 2.6 The 'Receipts from 90%' column shows how much each Supplier is due back from 90% of the sum of the total charges within the GSP Group.
- 2.7 Finally the 'NET' value is derived by subtracting the charges from the receipts. A negative sign represents a debit from the Supplier; positive values are a Credit to the Supplier.
- 2.8 In the full Supplier Charges process the NET value would include their losses and gains across all GSP Groups to give a final net value.

3. ANALYSIS

- 3.1 The bulk of the charges have been accrued against Serial 1 for failure to settle the required level of NHH energy on Annualised Advances at third and final reconciliation. There are a number of reasons for failure to achieve these standards two of which are poor data quality and inadequate Supplier Hub Management. These two issues were again noted by the BSC Auditor in their qualified Audit Opinion.
- 3.2 The two biggest NHH Suppliers within the GSP Group, S2 and S1, have accrued the greatest charges. Supplier S2 breaches its Cap and pay over £3,000 less than their original charge.
- 3.3 The reallocation of the 90% to Suppliers based on their NHH take shows that Suppliers S2 and S1 benefit significantly from the reallocation. Supplier S2 is left with a Net charge of £327.06 (this will be further offset by the receipts from the 10% reallocation). Supplier S1 does not pay any charges at all but benefits from a £18, 910.40 credit.

David Jones

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List of enclosures

Appendix A – Supplier Charges for one GSP Group for June 2002.



Appendix A - Supplier Charges for one GSP Group for June 2002.

Supplier	Serial 1	Serial 2	Serial 3	Serial 4	Serial 5	Serial 6	Serial 7	Serial 9	Sum Charges	Own Receipts	Net Liability	Cap breach	Share of 90%	SC Adjusted for Cap Breach	Receipts from 90%	NET
S1	£18,421.22								£18,421.22	£3,188.00	£15,233.22	YES	19.229012	£14,301.42	£13,974.36	£327.06
S2	£17,164.02				£934.94				£18,098.96	£8,295.31	£9,803.65	NO	50.9256454	£18,098.96	£37,009.36	£18,910.40
S3		£745.88		£9,124.44	£1,439.83				£11,310.15	£0.00	£11,310.15	NO		£11,310.15	£0.00	-£11,310.15
S4	£8,756.42								£8,756.42	£302.66	£8,453.76	YES	3.84049473	£2,568.81	£2,791.02	£222.21
S5	£1,467.08	£65.95		£5,039.43	£195.91				£6,768.36	£81.34	£6,687.02	YES	1.33534493	£4,070.17	£970.44	-£3,099.73
S6	£5,998.14	£0.58							£5,998.72	£220.95	£5,777.77	YES	4.09246287	£2,604.36	£2,974.13	£369.77
S7		£527.34		£5,264.52					£5,791.86	£0.00	£5,791.86	YES	0	£254.12	£0.00	-£254.12
S8	£2,522.71	£191.93	£127.95	£1,499.29	£1,372.77				£5,714.65	£66.36	£5,648.29	NO	1.29034302	£5,714.65	£937.74	-£4,776.92
S9		£300.21	£128.66	£2,036.72	£2,645.87	£266.68	£114.81		£5,492.95	£0.24	£5,492.71	NO	0.00489107	£5,492.95	£3.55	-£5,489.39
S10	£4,870.68								£4,870.68	£113.92	£4,756.76	YES	2.59873547	£2,206.94	£1,888.59	£318.35
S11	£4,347.41								£4,347.41	£93.06	£4,254.35	YES	2.37842324	£1,949.16	£1,728.48	-£220.69
S12	£4,007.00								£4,007.00	£45.92	£3,961.08	YES	1.27323489	£792.67	£925.30	£132.63
S13	£3,395.02						£17.89		£3,412.91	£49.53	£3,363.38	YES	1.61258702	£1,136.49	£1,171.92	£35.44
S14	£2,514.33								£2,514.33	£16.37	£2,497.97	YES	0.72319439	£445.17	£525.57	£80.40
S15	£2,426.68								£2,426.68	£28.58	£2,398.10	NO	1.30852169	£2,426.68	£950.95	-£1,475.74
S16	£1,937.44		£83.20		£93.19				£2,113.82	£17.44	£2,096.38	NO	0.91690996	£2,113.82	£666.35	-£1,447.48
S17	£1,522.72								£1,522.72	£46.46	£1,476.26	NO	3.39027882	£1,522.72	£2,463.83	£941.10
S18	£847.88								£847.88	£20.04	£827.84	NO	2.62641602	£847.88	£1,908.70	£1,060.83
S19	£452.86	£45.09	£18.04	£188.69				£85.44	£790.11	£0.03	£790.08	NO	0.00362089	£790.11	£2.63	-£787.48
S20	£690.85								£690.85	£3.00	£687.85	YES	0.48234836	£547.24	£350.54	-£196.70
S21	£17.11		£52.91		£365.98				£436.00	£0.13	£435.87	NO	0.03295892	£436.00	£23.95	-£412.04
S22	£13.73		£25.32		£307.20				£346.25	£0.32	£345.93	NO	0.10347422	£346.25	£75.20	-£271.05
S23	£336.15								£336.15	£1.57	£334.58	YES	0.51736637	£317.88	£375.99	£58.11
S24		£1.41	£2.12	£103.89	£80.04				£187.46	£0.00	£187.46	NO	0	£187.46	£0.00	-£187.46
S25	£167.59								£167.59	£1.24	£166.35	NO	0.82298478	£167.59	£598.09	£430.50
S26	£130.91								£130.91	£0.10	£130.82	YES	0.08114413	£49.66	£58.97	£9.31
S27	£21.25								£21.25	£0.01	£21.24	NO	0.0502105	£21.25	£36.49	£15.24
S28	£14.25								£14.25	£0.00	£14.25	NO	0.01663791	£14.25	£12.09	-£2.16
S29	£7.09								£7.09	£0.01	£7.08	NO	0.18698127	£7.09	£135.89	£128.79
S30	£3.57								£3.57	£0.00	£3.57	NO	0.01147067	£3.57	£8.34	£4.77
S31	£2.17								£2.17	£0.00	£2.17	NO	0.0090043	£2.17	£6.54	£4.37
S32	£0.46								£0.46	£0.00	£0.46	NO	0.00212076	£0.46	£1.54	£1.08
S33	£0.01								£0.01	£0.00	£0.01	NO	0.00043381	£0.01	£0.32	£0.31
S34	£0.00								£0.00	£0.00	£0.00	NO	0.11867545	£0.00	£86.25	£86.25
S35									£0.00	£0.00	£0.00	NO	0.0074367	£0.00	£5.40	£5.40
S36									£0.00	£0.00	£0.00	NO	0	£0.00	£0.00	£0.00
S37									£0.00	£0.00	£0.00	NO	0	£0.00	£0.00	£0.00
S38									£0.00	£0.00	£0.00	NO	0.00663601	£0.00	£4.82	£4.82
Total per Serial	82056.75046	1878.388557	438.188056	23256.9799	7435.729737	266.67984	132.699276	85.44	115550.8558					80748.13277	72673.31987	
													0.9	72673.31949		