

Review Group 0175 Minutes
Thursday 25 October 2007
Novotel, Birmingham International Airport

Attendees

Julian Majdanski(Chair)	JM	Joint Office of Gas Transporters
Alex Thomason	AT	National Grid NTS
Anna Pechlivanidou	AP	Ofgem
Chris Warner	CW	National Grid Distribution
Fiona Cottam	FC	xoserve
Joel Martin	JMa	Scotia Gas Networks
Jon Dixon	JD	Ofgem
Mitch Donnelly	MD	BGT
Phil Broom	PB	Gaz de France
Robert Cameron-Higgs	RCH	Northern Gas Networks
Simon Trivella	ST	Wales & West Utilities
Tim Davis	TD	Joint Office of Gas Transporters

1. Introduction and Review Group Operation

JM welcomed members to the first meeting and explained that draft Terms of Reference had been circulated for comment in advance.

2. Outline of Proposal and Consider Terms of Reference

PB, as Proposer, presented on the background as to why the Proposal had been raised and the areas he believed needed to be reviewed. JD outlined the reasons why Ofgem had decided not to direct implementation of Modification Proposal 0088, and PB indicated that the Review Group should seek to consider the issues raised by Ofgem.

JMa pointed out that AMR was already available to Suppliers and able to deliver a number of the benefits identified in PB's presentation. PB accepted this, but felt UNC change was needed to ensure the benefits fed through to settlement and reconciliation, providing an opportunity and incentive to develop and offer further enhanced services.

JD asked how many sites in EUC Bands 2-8 already had either datalogger or AMR equipment installed, and how links to profiling could be managed if sites such as these switched to the elective DM market. FC said that any relationship built from data relating to sites which switched would be biased since the sample would become increasingly price sensitive, with the rest of the market remaining primarily weather dependent. It was agreed, however, that replacement of dataloggers with AMR equipment is likely to happen and to create issues for profiling irrespective of the outcome of this Review.

JMa asked if there was any information as to why take up in the elective DM market is low at the moment, and whether numbers would rapidly increase if the existing charge was reduced. PB said that he felt cost was a barrier, and that there would be a big increase if the cost was lower – which MD supported. PB indicated that he had ideas for a couple of models for change which he would be willing to bring to the next meeting, but would welcome others suggesting alternatives.

CW said it was vital that a clear indication of likely take-up was developed and that more Shipper participation in the Review Group would be helpful. MD said that attendance at this first meeting may be low because of half term and resource implications given the number of live Review Groups.

The meeting then proceeded to review the Terms of Reference. CW asked if mandatory DM services were within scope, and it was agreed that this was not the main focus but may become relevant especially when drafting detailed business rules, for example to deal with threshold crossers. JD suggested that the focus might usefully be on the specifications and requirements rather than specific equipment required to be used. CW offered to provide background on how the current UNC regime operates, drawing on his experience when looking at potential DM unbundling in the past. JMa offered to provide some background on SGN's new DM service.

It was noted that only one DM reading service per DN can be handled by xoserve at present. MD asked if that DM read provider could effectively operate as a data aggregator at the moment. ST said this was certainly not provided for at the moment, but it was agreed that this was an option worthy of further consideration.

JD asked if current DM meters are "Smart" as defined in BERR's Billing and Metering consultation paper. It was recognised that they meet the obligations in the UNC, but don't generally meet the BERR definition. It was agreed that consideration should be given to this and responses could usefully be sent to BERR to try to ensure consistency in definitions as it would be unfortunate if the smartest existing gas meters fell outside the definition.

It was agreed that the Terms of Reference, with minor changes as agreed during the meeting, be submitted to the Modification Panel for approval.

3. Review Group Process

It was agreed that the next meeting should incorporate:

1. CW to present on the existing arrangements, including an explanation of the make up of the present DM charge
2. JMa to present on the SGN DM service
3. PB to present potential models for change which will deliver the flow of reads which Transporters require to support daily settlement and reconciliation.

4. Diary Planning for Review Group

Future meetings will be held immediately following the Distribution Workstream.

5. AOB

None.