

UNC Distribution Workgroup Minutes
Thursday 26 October 2017
at Elexon, 350 Euston Road, London, NWE1 3AW

Attendees

Andy Clasper	(AC)	Cadent
Andrew Margan	(AM)	Centrica
Angela Love	(AL)	Scottish Power
Bob Fletcher (Chair)	(BF)	Joint Office
Carl Whitehouse	(CWh)	First Utility
Charles Ruffell	(CR)	RWE
Chris Warner	(CWa)	Cadent
Claire Towler	(CT)	SSE
Darren Lond	(DL)	National Grid
David Addison	(DA)	Xoserve
David Mitchell	(DM)	SGN
David Reilly*	(DR)	Ofgem (UNC 0619/0619A)
Emily Wells	(EW)	Corona Energy
Frasier Mathieson	(FM)	SGN
Gareth Evans	(GE)	Waters Wye
Hilary Chapman	(HC)	SGN
John Burke*	(JB)	Cadent (AOB only)
John Welch	(JW)	npower
Jon Dixon	(JD)	Ofgem
Karen Visgarda	(KV)	Joint Office
Kathryn Turner*	(KT)	Good Energy
Kirsty Dudley	(KD)	E.ON
Kully Jones (Secretary)	(KJ)	Joint Office
Lorna Lewin	(LL)	DONG Energy
Mark Jones*	(MJ)	SSE
Nicky Rozier*	(NR)	(BUUK)
Rachel Hinsley	(RH)	Xoserve
Richard Pomroy	(RP)	Wales and West Utilities
Shanna Key	(SK)	Northern Gas Networks
Shardul Pandit*	(SP)	Wales and West Utilities
Steve Britton	(SB)	Cornwall Insight
Steve Mulinganie	(SM)	Gazprom
Tim Hammond	(TH)	Corona Energy

* *via teleconference*

Copies of all papers are available at: <https://www.gasgovernance.co.uk/dist/261017>

1. Introduction and Status Review

BF welcomed all to the meeting.

1.1. Approval of Minutes (28 September 2017)

The minutes of the previous meeting were approved subject to an amendment to correct the spelling of Shanna Key's surname which was mis-spelt as Shanna Kay.

1.2. Modification(s) with Ofgem

None.

1.3. Pre-Modification discussion

1.3.1. Application of proportionate ratchet charges to daily site reads (0619B)

AM explained that this draft alternative to Modification 0619 had been raised by Centrica and that it was seeking to change the current ratchet regime so that the charge levied would reflect the costs avoided by the customer by understanding its peak daily offtake or SOQ.

He informed the Workgroup that whilst the Alternative proposal seeks to introduce a new ratchet charge calculation methodology, it does not seek to amend the Ratchet Regime. In addition, the modification includes an incentive which aligns with the original Modification 0619 proposal of back charging to the new SOQ rate but differs by applying an additional incentive charge of 10%.

The following comments were raised during the discussion:

a. SM raised concerns about the delay to the process and questioned whether one meeting was sufficient to gain the views required from the Workgroup as UNC Modification 0619 is due to report to the Modification Panel on 21 December 2017. BF stated that a separate meeting may need to be convened in order to prepare for the December Panel meeting.

b. A question was asked about why sites below 732,000kWh should be subject to the Ratchet Regime. It was suggested that further work be done in this area and AM should discuss this with Xoserve to develop the solution. SM suggested data was needed on actual aggregate usage; actual operation at LDZ level and a table of multipliers should be considered. DA confirmed that they would provide analysis showing DM bookings versus peak day usage.

The Workgroup were in agreement that this modification should now be formally raised at the November Panel as an alternate to Modification 0619.

1.3.2 Review of AUG Arrangements

SM informed the Workgroup that following Xoserve's consultation on the performance of the AUG arrangements and the presentation of the results to the October UNCC, it was his intention to raise a Request at the November Panel for further review the AUG arrangements. Workgroup Participants supported this proposal as there were concerns as to how the process had operated during 2017.

2. Workgroups

2.1. 0623 – Governance Arrangements for Alternatives to Self-Governance Modification Proposals

(Report to Panel 21 December 2017)

<https://www.gasgovernance.co.uk/0623>

This item was deferred until the December Workgroup meeting.

2.2. 0594R - Meter Reading Submission for Advanced & Smart Metering

(Report to Panel 21 December 2017)

<https://www.gasgovernance.co.uk/0594>

This item was deferred until the November Workgroup meeting.

2.3. 0619 – Application of proportionate ratchet charges to daily read sites and 0619A – Protection from ratchet charges for daily read customers with an AQ of 732,000kWh and below

(Report to Panel 21 December 2017)

<https://www.gasgovernance.co.uk/0619>

2.4. 0632S – Shipper asset details reconciliation

(Report to Panel 18 January 2018)

<http://www.gasgovernance.co.uk/0632>

2.5. 0633 – Mandate monthly read submission for Smart and AMR sites from 01 December 2017

(Report to Panel 09 November 2017)

<http://www.gasgovernance.co.uk/0633>

2.6. 0635 – Reforms to incentivise accurate and timely DM reads to improve the accuracy of Unidentified Gas allocation

(Report to Panel 19 April 2018) (Report to Panel 19 April 2018)

<http://www.gasgovernance.co.uk/0635>

3. Issues

No outstanding issues to consider.

4. Review of Outstanding Actions

There were no outstanding actions.

5. Any Other Business

5.1. Modification 0606S -Transitional invoicing issue - Cadent

CW and JB provided a billing process update following the implementation of Modification 0606 *National Grid Gas plc and National Grid Gas Distribution Limited transitional invoicing arrangement post Project Nexus implementation*. CW explained that these transitional issues has been put in place as a result of the sale of National Grid Distribution (now Cadent). The DSC Change Committee have asked when an enduring solution to these interim arrangements will be put in place and this is currently scheduled for Release 3. In the meantime, a transitional process is in operation.

JB briefly described a number of issues Cadent are experiencing due to a number of Shippers incorrectly following the transitional process. For example, some Shippers are making payment but it is clear they don't understand the process. JB illustrated this with some specific examples:

- Shippers are paying the full value of Capacity and Commodity invoices and failing to net off the credit for NTS charges;
- Shippers are paying the full/net value of Capacity and Commodity invoices to the wrong entity.

Cadent’s Chief Financial Officer has asked what action is being taken to remedy these issues. Cadent stated that despite work already being undertaken to provide guidance and refresher notes to targeted audiences there is still a need to improve the knowledge gap. Cadent are therefore, seeking the Workgroup’s support to help embed the right processes with the accounts payable teams to help improve the knowledge gap.

6. Diary Planning

Further details of planned meetings are available at: www.gasgovernance.co.uk/Diary

Distribution Workgroup meetings will take place as follows:

Time/Date	Venue	Workgroup Programme
10:30 Thursday 23 November 2017	Lansdowne Gate (Xoserve) 65 New Road Solihull B91 3DL	Standard Agenda items

Action Table (as at 26 October 2017)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update