

Review Group 0158 Minutes
Tuesday 04 December 2007
31 Homer Road, Solihull, B91 3LT

Attendees

Julian Majdanski (Chair)	JB	Joint Office of Gas Transporters
Helen Cuin (Secretary)	HC	Joint Office of Gas Transporters
Mitch Donnelly (Proposer)	MD	British Gas
Bali Dohil	BD	Scotia Gas Networks *teleconference
Brian Durber	BD	E.ON UK
Chris Warner	CW	National Grid Distribution
Karen Kennedy	KK	Scottish Power
Karen Marklew	KM	xoserve
Linda Whitcroft	LW	xoserve
Lorraine Goodall	LG	Scotia Gas Networks
Matt Smith	MS	Xoserve
Sham Afonja	SA	RWE Npower
Simon Trivella	ST	WWU
Sue Davies	SD	WWU
Tina Brobbey	TB	Shell Gas Direct

Apologies

Sally Harling	SH	Corona Energy
Mark Jones	MJ	Scottish & Southern Energy

1 Review of Minutes and Actions

1.1 Review of Minutes

MS provided some amendments which were required to last months Actions, Action 0009 and Action 0011 have been amended below.

The minutes of the previous meeting were then approved.

1.2 Review of Actions

Action 0004: All to consider charging arrangements for a backstop mechanism.

Action Update: See Item 2.0.

Action: Complete.

Action 0009: xoserve to examine the possibility of producing an outstanding USRV report with an age analysis by EUC bands for the Review Group

Action Update: Information provided within the xoserve spreadsheet.

Action: Complete.

Action 0010: Transporters to consider undertaking a backstop obligation for the resolution of USRVs.

Action Update: Transporters confirmed consideration undertaken.

Action: Complete.

Action 0011: xoserve to provide the relevant Shipper their outstanding USRVs and ask for any available information of what work has been undertaken to attempt resolution.

Action Update: xoserve provided a breakdown of responses see item 2.0.

Action: Complete.

Action 0012: xoserve to confirm how many Shippers have the share of the outstanding 110 USRVs.

Action Update; Information provided within the xoserve spreadsheet.

Action: Complete.

Action 0013: All to consider UNC Modification 0141a formula and the re-scaling of the existing USRV incentive charges.

Action Update: See Item 2.0 and presentation provided by E.ON.

Action: Complete.

Action 0014: All to re-consider the advantages and disadvantages of interest incentives.

Action Update: See Item 2.0, interest incentives discounted as a solution.

Action: Complete.

2 Review Group Discussion

Outstanding USRVs

MS provided a brief summary on each of the spreadsheets which xoserve made available prior to the meeting on the Joint Office website.

KK questioned if xoserve had ascertained why the 110 outstanding USRVs had not been resolved. MS confirmed that xoserve had emailed Shippers, he provided the following analysis of the 110 oldest outstanding Filter Failures:

- 34% no response received,
- 32% Shipper picked up portfolio from a different supplier with no additional reads, 26% various problems with Shipper's access to the filter failures system,
- 4% attempted response but rejected again,
- 4% Shipper unable to obtain correct read,
- 1% duplicate meter point.

ST questioned if the 34% which had no response could be attributed to a single Shipper. MS confirmed that the majority of the 34% did belong to one Shipper. BD questioned if this Shipper could be named, however it was agreed not to confirm the Shipper's identity.

MD suggested additional Shipper contacts ought to be used when xoserve communicate with Shippers regarding their outstanding USRVs, he suggested that the operational contacts may not be enough to provide a high profile. The inclusion of other contacts was considered. It was agreed that xoserve would ascertain other potential contacts for inclusion of emails relating to the outstanding USRVs from the Transporters/xoserve's Shipper Contract Manager.

MD questioned if xoserve were able to produce a report highlighting potential incentive charges to be introduced by UNC0141 for the current outstanding USRVs. He suggested this information would be of value in understanding the likely impacts if appropriate action is not taken to resolve the current filter failures. xoserve agreed to produce a one off report

Action 0015: xoserve to provide Shippers a report highlighting the potential incentive charges considering the implementation of UNC0141 on current outstanding filter failures.

LW confirmed that filter failures had reduced following Ofgem's decision to implement UNC0141 however these reductions have become more static in the last two months.

Short Term Incentives

BD provided a presentation on a tiered USRV incentive structure.

CW questioned what would happen to the existing cap. BD confirmed that he had not envisaged changing the cap. LW expressed concern that a tiered incentive structure with no change to the cap would likely to increase charges for Shippers with old USRVs and reduce charges for Shippers with more recent USRVs. LW suggested that adjusting the cap would incentivise appropriate behaviour throughout the range of outstanding USRVs.

BD was concerned that the USRV tiered incentive structure along with an increased cap may be too penal.

MD confirmed that as there was little support for an interest regime he would be prepared to discount this solution. There was general support for further development of a tiered incentive regime which would include a review of the incentive cap.

Backstop Mechanism and Commercial Regime

MS explained how xoserve manage the resolution of SRVs, which involve site visits and meter reads.

The backstop mechanism for USRVs was discussed.

MD suggested that where meter asset information was found to be incorrect, for example, due to a meter exchange and it was not possible to ascertain the meter exchange date that xoserve should be able to undertake a neutral reconciliation. LW confirmed that when a Shipper takes on a new site there is an obligation on that Shipper to ensure the meter asset information is correct.

ST expressed concern with the Transporters having an obligation to resolve USRVs without any consideration for cases where it was not possible to resolve the USRV.

It was agreed that any service provided through the UNC would be a chargeable service. However it was unclear whether this would be a Type 1 or Type 2 User Pays charge.

ST suggested that Shippers should not wait too long before initiating a backstop mechanism. MD proposed that Shippers have a 6-9 month window before the backstop mechanism is initiated or they could utilise another commercial service.

SD highlighted that the longer a Shipper waits before passing a USRV to a Transporter to address, results in the USRV becoming harder to resolve. She suggested as older USRVs are harder to resolve then an age charge could apply.

LW expressed concern that the incentive charges could add pressure on xoserve to resolve difficult USRVs. CW suggested that the incentive charge could be frozen once it has been passed to xoserve as the Shipper would not have control over its resolution. SD agreed that whilst the Shipper has no control over the resolution that the charges should be frozen.

LW suggested the possibility of releasing required information, with appropriate permission, to assist Shippers with resolutions. MD suggested that this should be utilised within the 6-9 month window.

RGMA data flows were discussed and the possibility that a filter failure could reoccur on the same site if a Shipper has failed to process an RGMA flow. MS suggested that as part of the service, xoserve could advise of what action needs to be undertaken and if the Shipper fails to take action, then a further filter failure would occur and the Shipper would receive a new failure.

JM believed that the Review Group had reached a general consensus on the way forward. CW suggested that the Review Group are almost ready to produce a Modification Proposal for development, in order to facilitate the production of business rules drawn from the principles discussed.

CW and MD agreed to provide JM with a set of agreed principles to assist the production of a Draft Review Group Report. JM agreed to produce the Draft Review Group Report and circulate to members for agreement by email. It was agreed that the Review Group Report would be provided to the January 2008 Panel meeting and that the planned January Review Group Meeting could be cancelled.

Action 0016: CW and MD to provide a set of principles for the production of a Draft Review group Report.

Action 0017: Review Group to be produced, circulated and agreed before the January Panel

3. Diary Planning for Review Group

10:30, Wednesday, 09 January 2007, Elexon, 350 Euston Road, London CANCELLED

4. AOB

None.

APPENDIX A.

ACTION LOG - Review Group 0158

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
RG0158 0004	22/08/2007	4.0	All to consider charging arrangements for a backstop mechanism.	All	Action: Complete
RG0158 0009	14/11/2007	2.0	xoserve to examine the possibility of producing an outstanding USRV report with an age analysis by EUC bands for the Review Group	xoserve (NR)	Action: Complete
RG0158 0010	14/11/2007	2.0	Transporters to consider undertaking a backstop obligation for the resolution of USRVs.	All Transporters	Action: Complete
RG0158 0011	14/11/2007	2.0	xoserve to provide the relevant Shipper their outstanding USRVs and ask for any available information of what work has been undertaken to attempt resolution.	xoserve (NR)	Action: Complete
RG0158 0012	14/11/2007	2.0	xoserve to confirm how many Shippers have the share of the outstanding 110 USRVs.	xoserve (NR)	Action: Complete
RG0158 0013	14/11/2007	2.0	All to consider UNC Modification 0141a formula and the re-scaling of the existing USRV incentive charges.	All	Action: Complete
RG0158 0014	14/11/2007	2.0	All to re-consider the advantages and disadvantages of interest incentives.	All	Action: Complete
RG0158 0015	04/12/2007	2.0	xoserve to provide Shippers a report highlighting the potential incentive charges considering the implementation of UNC0141 on current outstanding filter failures.	xoserve (LW)	Action: Pending

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
RG0158 0016	04/12/2007	2.0	CW and MD to provide a set of principles for the production of a Draft Review group Report.	National Grid and British Gas (CW and MD)	Action: Pending
RG0158 0017	04/12/2007	2.0	Review Group to be produced, circulated and agreed before the January Panel	Joint Office (JM)	Action: To be completed by 08.01.08