

DN Charging Methodology Forum Minutes
Monday 26 September 2011
at Elexon, 350 Euston Road. London NW1 3AW

Attendees

Tim Davis (Chair)	(TD)	Joint Office
Mike Berrisford (Secretary)	(MB)	Joint Office
Alan Raper	(AR)	National Grid Distribution
Alex Ross	(ARo)	Northern Gas Networks
Andy Manning	(AM)	British Gas
Bernard Kellas	(BK)	SSE
Brian Durber	(BD)	E.ON UK
Gareth Evans	(GE)	Waters Wye Associates
Joanna Ferguson	(JF)	Northern Gas Networks
Joanne Parker	(JP)	Scotia Gas Networks
John Edwards	(JE)	Wales & West Utilities
Jonathan Wisdom	(JW)	RWE npower
Malcolm Piper	(MP)	EDF Energy
Richard Pomroy	(RP)	Wales & West Utilities
Steve Sherwood	(SS)	Scotia Gas Networks
Steve Armstrong	(SA)	National Grid Distribution
Tricia Moody	(TM)	Xoserve

1. Introduction and Status Review

Copies of all papers are available at: www.gasgovernance.co.uk/dncmf/260911.

1.1 Review of Minutes

The minutes of the previous meeting were accepted.

1.2 Review of Actions

No actions were outstanding.

2. Workgroups

2.1 Workgroup 0391 – Distributed Gas Charging Arrangements

The minutes for Workgroup 0391 can be found at:
<http://www.gasgovernance.co.uk/0391/260911>.

3. Issues

3.1 Consideration of ceasing charging commodity on unidentified gas – recovery of GT costs on a site specific element only

TD explained that this had arisen from Project Nexus and all views from a charging perspective would be welcome.

In the absence of any presentation material or suggested way forward, it was suggested that progress should await provision of some indication of the scale of the reconciliation elements involved.

3.2 Modification 0380 – Periodic Annual Quantity Calculation – SOQ debate

AR presented on behalf of National Grid Distribution, citing the aim as being to obtain the views of DNCFM as to the merits of adopting a rolling SOQ to 'match' the proposed rolling (monthly) AQ regime, or a fixed SOQ.

In considering potential costs associated with system requirements to support either a rolling or static SOQ regime, a clear view was not available at this time although it was suggested that the systems required to support a static SOQ regime maybe more costly than a rolling regime. However, the impact of developing an enduring solution for Modification 0380 may result in closer parity between the two potential solution system costs. SA felt that a rolling SOQ figure is largely artificial, which was a view supported by AM who added that adopting a rolling (monthly) SOQ regime would require more frequent recalculation of load factors.

Discussions then moved on to investigate the possible adoption of a bi-annual SOQ process. JW suggested that from a large consumer perspective he could envisage some benefits to such an approach, as he believed that this would lead to more accurate and cost reflective charge setting. AM felt that, risk implications aside, there would be little impact on consumers from a move such as this – although this changes dramatically when risk implications are factored in. TD observed that to prevent the risk of frequent moves up and down, it may be appropriate that any change must prevail for a minimum of 12 months. AR pointed out that, as far as Code is concerned, increases/decreases in consumption are already covered and, in essence, a static SOQ is a proxy for (fixed) capacity. SA believed that adoption of a bi-annual rolling SOQ based solution would potentially deliver a less accurate and more uncertain process.

When asked, those present confirmed an initial view that whilst they would support a rolling AQ, they do not feel that they could support a matching rolling SOQ regime. The preference is a static SOQ, possibly with a different timeline to meet 01 April price setting requirements.

AR felt that from a Modification 0380 perspective he had sufficient information on which to move forward. However, from a Nexus point of view, finding an (interim) solution may prove more difficult, especially bearing in mind points raised at the 20/09/11 Nexus Workgroup meeting. BD wondered if undertaking a rolling SOQ calculation without actually applying it may be one option. AR advised that he would provide feedback to the Workgroup(s) concerned regarding the discussion.

4. **Any Other Business**

Transportation Charging Statements Update

SA reminded all that the networks had published revised transportation charging statements that apply from 01 October 2011 and reflect removal of interruptible status.

5. **Diary Planning for Workgroup**

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

It was agreed to meet again in approximately six weeks time, on a date to be arranged by the Joint Office.

Action DNCF09/01: Joint Office (TD/MB) to arrange the next DNCF meeting for early November 2011.

Suggested agenda items for future meetings would be welcome.

DN Charging Methodology Forum Action Log

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
DNCMF 09/01	26/09/11	5.	Arrange DNCMF meeting for early November 2011.	Joint Office (TD/MB)	