

Distribution Charging Methodology Forum (DCMF) Minutes

02 November 2011

via teleconference

Attendees

Tim Davis (Chair)	(TD)	Joint Office
Helen Cuin (Secretary)	(LD)	Joint Office
Andy Manning	(AM)	Centrica
Bernard Kellas	(BK)	SSE
James Stone	(JS)	E.ON UK
Jenny Higgins	(JH)	RWE npower
Joanne Parker	(JP)	Scotia Gas Networks
Joel Martin	(JM)	Scotia Gas Networks
John Edwards	(JE)	Wales & West Utilities
Julia Haughey	(JH)	EDF Energy
Steve Armstrong	(SA)	National Grid
Will Guest	(WG)	Northern Gas Networks

1.0 Introduction

Copies of all meeting papers are available at www.gasgovernance.co.uk/dcmf/021111.

2.0 Review of Minutes and Actions from the previous meeting

2.1 Minutes

The minutes of the previous meeting were accepted.

2.2 Actions

No outstanding actions to review.

3.0 Allowed and Collected DN Revenue (UNC0186 Reports)

TD asked the Transporters to highlight any expected difference between the reported figures and the indicative charges due to be published later in the week.

3.1 National Grid Distribution

SA explained the SOQ reductions were not as great as expected, keeping revenue a bit higher, and that this helped to reduce the level of price change. However there was still some uncertainty on the exact changes. The shrinkage forecast has also come down slightly.

The indicative notice will be published 03 November.

3.2 Wales & West Utilities

JE reported some small movement in the figures. Under recovery has slightly increased compared to what was reported in July. 2011/12 incentives have increased by £3m (MSRA service adjustment). The price rise shown is consistent with the soon to be released indicative prices. These show an average price increase of 5.7% but there will be variations around this average.

JE was not expecting TMA costs over the next year, and therefore this would not affect 2012/13 prices - any adjustment would be made in the following year.

3.3 Northern Gas Networks

WG reported that when the July figures were provided, NGN had not fully closed down the 2011 figures. Some slight amendments from 2010/11 were therefore evident, and the over recovery was reduced. Since the last report, NGN forecasts have been revised, including pass through costs, business rates and SOQs. He explained that the incentives had been revised down, 2012/13 incentives are driven by REPEX timing between years, with a high work load for 2011/12 at the expense of 2012/13, and there was a slight reduction in the shrinkage allowance. Final revenue is down £900k to £377.2m. The 8% price change includes NTS exit capacity costs, with a real price increase (excluding NTS exit capacity) of 6.3%.

TMA costs are being worked on, but WG was not expecting an early impact.

3.4 Scotia Gas Networks

Southern

JP reported some expected changes to the indicative numbers. In July, she had reported a 3.5% change which is now 2.4%, with the movement driven by SOQ assumptions.

TMA costs are still be considered - these were due to be signed of and should be visible by 03 November 2011 when the indicative charges are due to be published.

Scotland

JP reported that the July presentation indicated a 6.2% increase, whereas the latest figures showed 4.6%. The movement is due to a small drop in incentives, shrinkage, and RPI. However, the main drop in the increase is driven by the SOQ change assumption.

SGN are still negotiating TMA costs.

4.0 Any Other Business

None.

5.0 Date of next meeting and agenda items

No further meetings booked.