

Review Group 0178 Minutes
Wednesday 12 December 2007
Renewal Conference Centre, Solihull, B91 2JR

Attendees

John Bradley (Chair)	JB	Joint Office of Gas Transporters
Alan Raper	AR	National Grid Distribution
Andy Smith	AS	RWE npower
Bali Dohel	BD	Scotia Gas Networks
Chris Warner	CW	National Grid Distribution
Fiona Cottam	FC	xoserve
Joanna Ferguson	JF	Northern Gas Networks
Karen Kennedy	KK	ScottishPower
Mark Jones	MJ	SSE
Nigel Nash	NN	Ofgem
Phil Broom	PB	Gaz de France
Sallyann Blackett	SB	E.ON UK
Stefan Leedham	SL	EDF Energy
Simon Trivella	ST	Wales & West Utilities
Steve Taylor	STa	Centrica

1. Introduction and Status review

1.1 Minutes from previous meeting

Minutes of the previous meeting were approved.

1.2 Review of Actions from previous meeting

Action RG0178/001: ScottishPower (MC) to update the iGT Panel, as and when required.

It was confirmed that updates had been given to the iGT Panel.

Action: Closed

Action RG0178/002: xoserve (FC) to provide a presentation on aggregate data at the December meeting.

Action: see below - Closed

Action RG0178/003: Joint Office (JB/MiB) to arrange a presentation from the Authority on definitions.

Action: see below - Closed

Action RG0178/004: National Grid Distribution (AR/PL) to provide an SPA process update.

CW clarified that there is no requirement to nominate, but it is possible and there is no systems barrier to the I&C process applying elsewhere.

Action: Closed

Action RG0178/005: E.ON (SB) to provide an RbD Issues presentation.

Action: see below - Closed

Action RG0178/006: Joint Office (MiB) to ensure that the December agenda includes the above items.

Action: Complete

Action RG0178/007: Joint Office (MiB) to arrange the 12 December 2007 meeting, if possible, and confirm the details as soon as possible.

Action: Complete

2. Review Group Discussion

2.1 Presentation on Aggregate Data

ST presented on behalf of the DNs and xoserve. He pointed out that the number of SSP I&C sites (as opposed to energy) outnumbered those in the LSP sector. FC said that if all of these were to be individually reconciled, this would have significant workload and hence cost implications for xoserve.

NN questioned the purpose of the Market Sector Code and suggested that it had initially been required for Supplier of Last Resort requirements. ST said that WWU required the flag primarily for the purpose of reporting to Ofgem – it was not core information for business purposes.

2.2 Ofgem view on “domestic” definition

NN felt that there was nothing in Supply or other Licences which the UNC needed to accommodate or mirror for settlement purposes. He said that the obligation which was previously in Supply Licences had been removed. PB thought that an obligation remained with respect to supply to groups, NN explained that SLC 6.5 of the supply Licence made provision for domestic sites to be treated as non-domestic where they were part of a multi-site corporate contract. NN noted that BERR is currently consulting on the threshold for when smart meters could become mandatory which relied on the 73,200 kWh threshold, but again had no implications for the UNC settlement processes. MJ suggested that this threshold was arbitrary and there could be merit in reducing it. However, MJ was concerned that the figures suggested there could be an undue effort involved in settling smaller I&C meters given the relatively small amount of energy, as opposed to sites, involved. Creating a small I&C EUC may have merit in order to create a more accurate way of profiling this energy.

SB explained that the benefit for a Supplier would be greater ability to treat all I&C sites the same. PB supported this, citing as an example the fact that I&C contracts tend to have transportation charges as a pass through item. ST questioned whether changing transportation arrangements was necessary for supply contracts to be structured the same for all I&C customers regardless of how they are flagged on Sites & Meters.

CW volunteered to identify areas of the UNC which are contingent on the I&C/Domestic categorisation. ST said Ofgem’s proposed changes to Standards of Service were expected to lead to a Modification Proposal being raised to support compliance with Performance Regulations, making provision and maintenance of the Market Sector Flag mandatory. SL emphasised that there were examples where populating the flag was ambiguous and tight definitions would need to be created if any consistency was to be achieved – the difficulties were at the margins. SB felt it was unlikely that Suppliers would be able to avoid making judgements in marginal cases.

SL asked if Ofgem could provide guidance on definitions. NN believed that, while some guidance was already available on the Ofgem website, the distinction in marginal cases was in the eyes of the Supplier.

Action RG0178/008: National Grid (CW) to identify areas of the UNC which are contingent on the I&C/Domestic categorisation

2.3 Issues

SB presented some thoughts on potential issues which the Group needed to consider. Graphs were presented to support the EON proposition of looking at all I&Cs being treated similarly, and all domestics similarly, regardless of whether they fell within the SSP or LSP sector. FC questioned the coverage of the 0640 process, which it was agreed would need to be considered. MJ was concerned that for larger domestics, too much gas was involved for this not to be reconciled – especially if there was a step change in consumption. SL supported this since individual sites are not average and inappropriate allocations and cross-subsidies could be created. SB felt that these were still domestic sites and the profile was unlikely to be significantly inaccurate – the key was an accurate AQ. SB also felt that any misallocation was unlikely to be significant unless a Supplier had a disproportionate number of these large domestic sites within its portfolio. SL could understand why it could make sense for an I&C only Shipper to have the smaller I&C sites reclassified, but was not aware of a domestic only Shipper and hence struggled to see the justification for reclassifying larger domestics and changing the settlement and reconciliation process.

NN asked why it should be an obligation rather than choice to treat large domestic sites in this way. FC said that previous debates about creating an ability to opt out of RbD had concluded that it could be unfair for the remaining population which was left to pick up all costs. SB suggested that when raising the Review Proposal it was felt to be easiest to treat all domestics alike rather than create separate categories and potential discontinuities.

3. Diary Planning for Review Group

3.1 Workplan

The Workplan was discussed and supported. For the January meeting, all were encouraged to consider potential changes that might merit consideration. CW suggested that what had been discussed amounted to disregarding the 73,200Kwh threshold and relying on the Market Sector Code to identify domestic sites, which would all fall within RbD. FC suggested that two changes were envisaged – taking some out of RbD and putting others in – and it may be better to consider these as discrete options. CW could see no industry benefit in the approach and hence believed that any change should be classified as user pays. JB emphasised that proposals for how this could be made to work would be more than welcome, and SB agreed to prepare and present some thoughts. SL also offered to bring a handful of slides to the next meeting.

It was agreed to meet monthly, on the same day as Review Group 0177.

Action RG0178/009: All to consider potential regime changes for discussion at January 2008 meeting

Action RG0178/010: EON (SB) and EdF (SL) to present possible ways forward at January 2008 meeting

4. AOB

None.

APPENDIX A.

ACTION LOG - Review Group 0178

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
RG0178/001	14/11/2007	3.0	ScottishPower (MC) to update the iGT Panel, as and when required.	ScottishPower (MC)	Closed.
RG0178/002	14/11/2007	4.0	xoserve (FC) to provide a presentation on aggregate data at the December meeting.	xoserve (FC)	Presented 12 Dec 07. Closed.
RG0178/003	14/11/2007	4.0	Joint Office (MiB) to arrange a presentation from the Authority on definitions.	Joint Office (JB/MiB)	Presented 12 Dec 07. Closed.
RG0178/004	14/11/2007	4.0	National Grid Distribution (AR/PL) to provide an SPA process update.	NG Distribution (AR/PL)	Reported 12 Dec 07. Closed.
RG0178/005	14/11/2007	4.0	E.ON (SB) to provide an RbD Issues presentation.	E.ON (SB)	Presented 12 Dec 07. Closed.
RG0178/006	14/11/2007	4.0	Joint Office (MiB) to ensure that the December agenda includes the above items.	Joint Office (MiB)	Closed.
RG0178/007	14/11/2007	4.0	Joint Office (MiB) to arrange the 12 December 07 meeting, if possible, and confirm the details as soon as possible.	Joint Office (MiB)	Closed.
RG0178/008	12/12/07	2.2	National Grid (CW) to identify areas of the UNC which are contingent on the I&C/Domestic categorisation	National Grid (CW)	Update due at January 08 meeting.
RG0178/00	12/12/07	3.1	All to consider potential regime changes for discussion at January 2008 meeting	All	To discuss at January 08 meeting.
RG0178/010	12/12/07	3.1	EON (SB) and EDF (SL) to present possible ways forward at January 2008 meeting.	EON (SB) and EdF (SL)	Presentation due at January 08 meeting.

*** Key to action owners**

MiB Mike Berrisford, Joint Office of Gas Transporters
JB John Bradley, Joint Office of Gas Transporters
SB Sallyann Blackett, E.ON UK
FC Fiona Cottam, xoserve
AR Alan Raper, National Grid Distribution
PL Phil Lucas, National Grid Distribution
SL Stefan Leedham, EdF Energy
CW Chris Warner, National Grid Distribution