

Distribution Workstream Minutes

Tuesday 21 December 2010

Via Teleconference

Attendees

| | | |
|------------------------|------|----------------------------|
| Bob Fletcher (Chair) | (BF) | Joint Office |
| Helen Cuin (Secretary) | (HC) | Joint Office |
| Alan Raper | (AR) | National Grid Distribution |
| Andy Lees | (AL) | National Grid NTS |
| Beverley Viney | (BV) | National Grid NTS |
| Brian Durber | (BD) | E.ON UK |
| Chris Hill | (CH) | First Utility |
| Chris Warner | (CW) | National Grid Distribution |
| Darren Jackson | (DJ) | xoserve |
| David Watson | (DW) | British Gas |
| Gareth Evans | (GE) | Waterswye |
| Joel Martin | (JM) | Scotia Gas Networks |
| Jonathan Wisdom | (JW) | RWE npower |
| Karen Kennedy | (KK) | Scottish Power |
| Lesley Ramsey | (LR) | National Grid NTS |
| Linda Whitcroft | (LW) | xoserve |
| Mark Jones | (MJ) | SSE |
| Stefan Leedham | (SL) | EDF Energy |
| Steve Mulinganie | (SM) | Gazprom |

1. Introduction and Status Review

1.1. Minutes from the previous meeting

The minutes of the previous meeting were approved.

1.2. Review of action from previous meetings

Action Dis0808: 0045Dis, Handling of Emergency Situations at Priority Customer Sites – Provide a statement of the actions/approach to be taken by Transporters when attending commercial sites that should be considered a priority.

Action Update: Action Deferred. **Carried Forward.**

Action Dis1103: UNC0292 - xoserve and Transporters (LW/CW/JF) to prepare a high-level guidance document that outlines how parties would approach undertaking consideration and calculation of their respective limits (caps).

Action Update: See item 2.5. **Complete.**

Action Dis1106: UNC0335 - National Grid NTS (AL) to present the cashflows associated across the shrinkage lifecycle, both with and without an error having occurred.

Action Update: See item 2.1. **Complete.**

Action Dis1107: UNC0282 - xoserve (LW) to clarify whether the implementation could be shortened if the cost were increased.

Action Update: To be clarified 05 January 2011. **Carried Forward.**

Action Dis1108: 0047Dis - Transporters to consider the impacts of implementing option 8.

Action Update: See item 3.3. Further consideration required. **Carried Forward.**

Action Dis1109: 0052Dis - National Grid (CW) to report on the approach to dealing with illegitimately connected sites that were either safe or unsafe, and whether a commercial disconnection service might be provided.

Action Update: Action Deferred. **Carried Forward.**

Action Dis 1110: Shippers to identify any barriers to 29 April 2011 being a non-business day

Action Update: SL asked about the communication provided previously by xoserve concerning 29 April 2011, this was unofficial. SL requested a formal communication from the Transporters. CW asked for this to be circulated via the Joint Office. See New Action Dis1110a. **Complete.**

New Action Dis1110a: National Grid Distribution to provide formal communication on behalf of Transporters to the Joint Office concerning the Bank Holiday on 29 April 2011 for onward circulation. **Pending.**

Action Dis1201: UNC0330 - BF to clarify when legal text is expected to be available.

Action Update: BF confirmed that the Workstream Report had been referred back to the Workstream by the Panel. The Workstream will need to consider the legal text along with the report. **Complete.**

Action Dis1202: UNC0330 - MR to amend Proposal to reflect Workstream discussion.

Action Update: BF confirmed that an amended Proposal had been provided, however the amendments submitted were slightly different to those discussed at the Workstream. The Workstream therefore will need to reconsider the Workstream Report on 27 January 2011. **Complete.**

Action Dis1203: JM and SB to review Proposal 0331 to ensure legal text can be produced.

Action Update: Item deferred until 27 January 2011. **Carried Forward.**

2. Modifications

Copies of all materials are available at: <http://www.gasgovernance.co.uk/dist/211210>

2.1. Modification 0335 - Offtake Metering Error - Payment Timescales

AL provided a presentation on the Meter Error reconciliation and invoice process for Energy and Transportation costs.

JW asked about occasions when the SO charge does not equate to the energy reconciliation charges incurred. DW suggested that this could be due to caps and collars. AL explained the timing of invoices and acknowledged the alignment requirement for the SO commodity credit. DW believed that the timeline for paying costs should be aligned with the SO commodity time line. BV explained that amending the timeline for SO commodity would require a license change, as these have to be done within the same formula year.

AL explained that aligning the RBD and SO charge would be difficult.

DW asked if National Grid NTS could provide more detail on the licence condition, to help understand how changes could be made either through the SO charge process or through the RBD process. He wished to

understand the pros and cons of both to determine the best cause of action. DW's intention is to raise an alternative modification to align the invoice timelines, he anticipated equaling out the RbD charges over the same period of time as the SO charge.

New Action Dis1204: National Grid NTS to provide details of the incentives, the licence condition and the impact of re-aligning the SO charges.

JW asked if the proposed modification could be considered with xoserve to understand potential solutions. LW offered to meet with JW and DW to take them through the current invoicing process.

AR asked if the impacts to the Shippers and the detriment effects could be quantified.

SL asked if National Grid Distribution could also explain the detrimental effects of a Meter Errors on the downstream Transporter.

New Action Dis1205: Shippers to quantify the detrimental effects on the current payment timescales.

New Action Dis1206: National Grid Distribution to provide details on the impact to DNOs, if there was a change to the RbD timeline to bring it in line with the NTS credit timelines.

2.2. **Modification 0339 - Clarification of the AUG Year in respect of UNC Modification 0229 Proposal**

The Workstream Report was considered and drafted. It was agreed to publish the Draft Workstream (www.gasgovernance.co.uk/dist/050111). The report is to be discussed at the next Workgroup meeting.

New Action Dis1207: National Grid Distribution to provide a legal view on the ability to reconcile charges between £2.75m defined in Modification 0317 and those identified in the AUG statement.

2.3. **Modification 0340 - Clarification of the AUG Year in respect of UNC Modification 0229 (alternative)**

The Workstream Report was considered and drafted. It was agreed to publish the Draft Workstream (www.gasgovernance.co.uk/dist/050111). The report is to be discussed at the next Workgroup meeting.

2.4. **Modification 0343 - The ability and requirement for Users and Transporters to raise issues to be considered by the Allocation of Unidentified Gas Expert as "known" issues**

KK summarised the changes made to the modification. DW asked how the mechanism is going to work and how it would be enforced. KK was unable to provide a mechanism and requested members to consider the possible mechanisms and enforcement and bring views back to the 27 January 2011 meeting.

New Action Dis1208: All to consider possible mechanisms and enforcement for further discussion on 27 January 2011.

It was agreed to defer the production of the Workstream Report.

2.5. Modification 0292 – Proposal 0292 - Proposed change to the AQ Review Amendment Tolerance for SSP sites – Draft Guidance Document

LW explained the draft guidance document provided by xoserve and how it is proposed to manage any unused capacity allowance.

DW asked about the break down of files and the use of whole files. LW explained that xoserve would manage whole files only. If a Shipper submits three files and the third file submitted exceeds the allowance, the third file would not be split, it would be carried over as a whole file to the next days allocation.

xoserve proposed splitting the spare capacity allowance by taking into account the previous Shipper submissions. If a Shipper had not used all of its allowance on the previous day it would have first cut of the extra capacity on the next day. This was to allow Shippers to in effect roll over the unused capacity they had not used which had then been allocated to other Shippers.

DW requested clarification on what would happen if a Shipper used up all the allowance the next day. LW explained then they would be at the lower end of the allocation for the next unused capacity division.

LW explained that other options had been considered such as a first come first serve basis, however when they looked at this they believed it would be possible for submissions to be blocked by a single party. They also looked at dividing the spare allocation using percentages, however this adds additional administrative burdens on the process.

KK clarified that Shippers will always be able to utilise their full allowance on each day. LW explained where a Shipper has not used their full allowance this can be used by other Shippers. Shippers who haven't used their daily allowance on the previous day they will then have the first cut of the next days spare allowance.

LW highlighted that there would be a cut off at 5pm each day for submissions, to allow the processing and calculation of spare capacity allowances. Any late submissions will be processed the next day.

SL expressed concern about the 5pm cut off. He explained that some shipper systems are designed to run when systems are quiet, which may result in files being automatically submitted past the deadline – this is the current process for some.

KK explained that the 5pm cut off would only impact Shippers on the very first day of allocation if the 5pm deadline was missed. LW explained that under the xoserve proposal a Shipper who missed using the full allocation would then have first cut at the spare capacity the next day.

Some concern was expressed about the submission of code communications, the deemed acceptance of file and the cut off time proposed. SM asked about system days for other processes and how a cut off may affect other automatic batch processes

LW explained there are currently three runs for processing submitted files – these are 17:00hrs, 19:00hrs and 21:00hrs. These are unchanged from the existing process. Currently, xoserve processes the majority of amendments during the 17:00hrs run.

DW believed that the cut off would not only impact the first day but would also impact the final day especially if files are trying to be submitted last minute and cannot be processed.

AR asked about a 24 hour period for submission. It was suggested that the files processes and submission needs to be reconsidered to make sure as many files can be processed as possible. KK suggested having a special window cut off for the last day possibly 0:00 hrs.

SL asked why xoserve could not operate during the gas day. LW explained that the process has to be run during a window to allow other processes to run.

AR explained that the proposed modification is an improvement to the existing process. He believed that if a larger percentage can be processed and xoserve are able to maximise the system capacity then the small percentage that may not be processed due to 17:00hrs cut off on the first day, should be less significant to the total number of files that can be processed.

SL believed that the proposal should not be implemented for this year due to potential changes required to Shipper systems

New Action Dis1209: xoserve to provide clarity on the impacts on the last day, the possibility of an extended window, and how T04 files could be processed earlier.

LW explained that xoserve may be able to send T04 files earlier. She explained that currently the T04 provided threshold crossers, xoserve first check if valid and proposed that SSP-SSP could be sent straight back out, with the SSP-LSP or LSP-SSP done after. LW confirmed the second two dates are in code, however she would need to confirm the first date.

Scottish Power explained their alternative option is to allow those who use their full capacity and have more files to process first access to spare capacity. SL preferred the Scottish Power allocation as it rewards Shippers for early action.

LW explained that xoserve want to automate the process as much as possible and to enable this they need to understand what the rules are to ensure the solution is not jeopardised.

SL asked if the guidance document could be run with the current modification rules.

It was suggested that the provider of the Modification Text could undertake a check on this. However SL offered to provide a view in conjunction with AR on the guidance document on 05 January 2011.

New Action Dis1210: SL/AR to provide a view on whether the draft Guidance Document(s) can be operated under the current UNC rules.

2.6. Modification 0314 - The provision of a “Data Update” to Non Code Parties

SM confirmed that some amendments to the modification had been made however there was one outstanding issue around the ability to identify the relevant sites and the use of the market sector flag.

GE wished to understand the concerns. CW explained that the data protection issue needs to be considered particularly releasing personal information ie there was a concern that information relating to domestic consumer may be mistakenly released if the market sector flag is incorrect.

SM believed that the use of a flag would provide a reasonable level of protection for domestic sites with regards to information being released as

the request was only for those sites with the flag set to I – blank or D should not be provided by the Transporter.

CW was confident that the concerns raised can be overcome. SM advised an amended Modification was to be provided to the Joint Office later that day, details can be found at www.gasgovernance.co.uk/0314.

2.7. **Modification 0282 - Introduction of a process to manage Vacant sites**

The Workstream considered the Workstream Report and suggested a number of amendments to the modification and business rules.

Scottish Power agreed to mirror the amendments within the modification and formally submit the amendments to the Joint Office.

The Workstream considered if xoserve ought to remove sites from the Vacant Sites Process under business rule 15 if the Shipper fails to remove the site following the submission of two advanced meter readings.

It was requested that xoserve look at this as an option.

New Action Dis1211: Transporters to consider the implications if the Registered User does not remove the NDM SSP from the Vacant Process where there is progression in the meter index or other information identifies that the site is not Vacant.

It was agreed to publish the amended Workstream Report subject to receipt of an amended modification (www.gasgovernance.co.uk/dist/050111) to enable the further consideration on 05 January 2011.

3. Topics

3.1. **0040Dis, Disconnection Process**

Item Deferred

3.2. **0045Dis, Handling of Emergency Situations at Priority Customer Sites**

Item Deferred

3.3. **0047Dis, Third Energy Package**

SL asked about the removal of Bank Holidays as non business days. SL highlighted that Shippers systems and the SPA business days are aligned apart from the additional Scottish Bank Holiday in January and may not be able to remove Bank Holidays from systems without costs. He wasn't sure option 8 was the better solution at the moment due to system changes and costs.

LW also explained that they need to understand and system implications of splitting and the links.

Action Dis1212: xoserve to consider the implications of removing the Bank Holidays and weekends for the registration and confirmation process.

3.4. **0049Dis, DN Interruption Phase 2 ("Oct 2011 implementation")**

Item Deferred

3.5. **0050Dis, DM unbundling**

Item Deferred

3.6. 0051Dis, Procurement of NDM Profiling Data

Item Deferred

3.7. 0052Dis, Manual reporting mechanisms for Theft of Gas

Item Deferred

3.8. New Topics

3.8.1. It was suggested that the Workstream raise a Topic or an standing Agenda item for the provision of updates on the AUG Project. It was anticipated that a standing agenda would suffice.

4. AOB

None

5. Diary Planning for Workstream

The next meetings are scheduled as follows:

Wednesday 05 January 2011, 10:00 Teleconference, to discuss Topic 0047 – Third Energy Package, 0292 Guidance Document, and finalise Workstream Reports 0339 and 0340, 0282 Workstream Report.

Thursday 27 January 2011, 10:30, 31 Homer Road, Solihull, B91 3LT

Thursday 24 February 2011, 10:00, Elexon, 350 Euston Road, London NW1 3AW

Thursday 24 March 2011, 10:00, Elexon, 350 Euston Road, London NW1 3AW

Thursday 28 April 2011, 10:00, 31 Homer Road, Solihull, B91 3LT

Distribution Workstream Action Table

| Action Ref | Meeting Date | Minute Ref | Action | Owner | Status Update |
|------------|--------------|------------|--|-----------------------------------|-----------------|
| Dis0808 | 26/08/10 | 3.1 | 0045Dis, Handling of Emergency Situations at Priority Customer Sites – Provide a statement of the actions/approach to be taken by Transporters when attending commercial that should be considered a priority. | Wales & West Utilities (ST) | Carried forward |
| Dis1103 | 12/11/10 | 2.3 | UNC0292 - Prepare a high-level guidance document that outlines how parties would approach undertaking consideration and calculation of their respective limits (caps). | xoserve & Transporters (LW/CW/JF) | Complete |
| Dis1106 | 25/11/10 | 2.1 | UNC0335 - Present the cashflows associated across the shrinkage lifecycle, both with and without an error having occurred | National Grid NTS (AL) | Complete |
| Dis1107 | 25/11/10 | 2.2 | UNC0282 - Clarify whether 0282 implementation could be shortened if the cost were increased | xoserve (LW) | Carried forward |
| Dis1108 | 25/11/10 | 3.3 | Dis0047 - Consider the impacts of implementing option 8. | Transporters (All) | Carried forward |
| Dis1109 | 25/11/10 | 3.8 | 0052Dis -Report on the approach to dealing with illegitimately connected sites that were either safe or unsafe, and whether a commercial disconnection service might be provided | National Grid (CW) | Carried forward |
| Dis1110 | 25/11/10 | 4.0 | Identify any barriers to 29 April 2011 being a non-business day | Shippers | Complete |
| Dis1110a | 21/12/10 | 1.2 | National Grid Distribution to provide formal communication to the Joint Office concerning the Bank Holiday on 29 April 2011 for onward circulation. | National Grid (CW) | Pending |
| Dis1201 | 03/12/10 | 2.1 | UNC0330 – clarify when legal text is expected to be available | JO (BF) | Complete |
| Dis1202 | 03/12/10 | 2.1 | UNC0330 - amend Proposal to reflect Workstream discussion | SSE (MR) | Complete |

| Action Ref | Meeting Date | Minute Ref | Action | Owner | Status Update |
|------------|--------------|------------|---|--------------------------------------|-----------------|
| Dis1203 | 03/12/10 | 2.2 | UNC0331 - review Proposal to ensure legal text can be produced | SGN (JM) & EON (SB) | Carried forward |
| Dis1204 | 21/12/10 | 2.1 | UNC0335 - National Grid NTS to provide details of the incentives, the licence condition and the impact of re-aligning the SO charges. | National Grid (AL/BV) | Pending |
| Dis1205 | 21/12/10 | 2.1 | UNC0335 - Shippers to quantify the detrimental effects on the current payment timescales. | All Shippers | Pending |
| Dis1206 | 21/12/10 | 2.1 | UNC0335 - National Grid Distribution to provide details on the impact to DNOs, if there was a change to the RbD timeline to bring it in line with the NTS credit timelines. | National Grid (CW) | Pending |
| Dis1207 | 21/12/10 | 2.2 | UNC0339 - National Grid Distribution to provide a legal view on the ability to reconcile charges between £2.75m defined in Modification 0317 and those identified in the AUG statement. | National Grid (CW) | Pending |
| Dis1208 | 21/12/10 | 2.4 | UNC0343 - All to consider possible mechanisms and enforcement for further discussion on 27 January 2011. | All | Pending |
| Dis1209 | 21/12/10 | 2.5 | UNC0292 - xoserve to provide clarity on the impacts on the last day, the possibility of an extended window, and how T04 files could be processed earlier. | xoserve (LW) | Pending |
| Dis1210 | 21/12/10 | 2.5 | UNC0292 - SL/AR to provide a view on whether the Guidance Document can be operated under the current UNC rules. | EDF Energy and National Grid (SL/AR) | Pending |
| Dis1211 | 21/12/10 | 2.7 | UNC0282 - Transporters to consider the implications if the Registered User does not remove the NDM SSP from the Vacant Process where there is progression in the meter index or other information identifies that the site is not Vacant. | xoserve (LW) | Pending |
| Dis1212 | 21/12/10 | 3.3 | Dis0047 - xoserve to consider the implications of removing the Bank Holidays and weekends for the registration and confirmation process | xoserve (LW) | Pending |

