

Development Work Group 0224 Minutes
Tuesday 4 November 2008
Ofgem, Millbank, London

Attendees

Bob Fletcher (Chair)	BF Joint Office
John Bradley(Secretary)	JB Joint Office
Phil Broom (Proposer)	PB Gaz de France Suez
Alan Raper	AR National Grid Distribution
Brian Durber	BD E.ON UK
Chris Hill	CH RWE Npower
Claire Rozyn	CR Ofgem
Chris Warner	CW National Grid Distribution
David Addison	DA xoserve
David Osman	DO RWE Npower
Gareth Evans	GE Waters Wye Associates
Jemma Woolston	JW Shell
Lewis Plummer	LP xoserve
Linda Whitcroft	LW xoserve
Joel Martin	PC Scotia Gas Networks
Remi Guierinet	RG Total Gas and Power
Richard Street	RS Corona
Stefan Leedham	SB EDF Energy
Shelley Rouse	SR Statoil (UK)
Simon Trivella	ST Wales & West Utilities

Apologies

1. Minutes from previous meeting

The minutes of the previous meeting were approved.

ST suggested that 7.3 be reworded to “could be introduced.

1.1 Review of Actions from previous meeting

Action 005: Draft a User Pays proposal

Action Update: Completed see item 2.2

Closed

Action 006: Develop suggestions for an incentivised estimated read charge regime, including treatment of any revenue.

Action Update: see item 2.3

Closed

Action 007: Update business rules

Action Update: Updated but further changes required see item 2.1 **Carried Forward**

2. Review Revised Proposal

2.1 Review Business Rules

PB identified the differences from the previous version. In Section 2.1, CW identified that below the threshold, Supply Points could already be DM voluntary but not DM elective. RS responded to the issue of thresholds by identifying that whilst Corona recognised the current phasing restrictions it would be proposing removal of the thresholds in the future if licence requirements change.

PB had clarified the provisions of 3.5 in respect of Bottom Stop SOQ.

7.2 had been deleted as xoserve had not been able to take-on the obligation under the UNC but it could be offered as a non code service to individual Users. RS was concerned that this service would not be guaranteed as it would be if it were part of a bundled service. BR foresaw difficulties with an incoming User as the previous check-read would have been undertaken by the outgoing User. ST commented that he saw every reason why the service would be provided. RS pointed out that must reads were a code service so why should a portfolio report not be? LW believed that there was a distinction, as this portfolio information was not associated with an obligation. ST suggested that this be discussed as a non code service in the User Pays User Group. It was agreed that the business rules be clarified to state that the obligation for an annual check-read commences once the Supply Meter Point is confirmed as DM elective. PB agreed to amend the wording to reflect this principle. Where there is no history of check reads eg for a new Supply Point, the check read would be set on the day of confirmation.

In 8.4, CW identified that metering equipment can be faulty – not just the remote reading equipment. RS suggested that BERR definitions be used. This was agreed in principle.

In 9, BD queried why NDMSOQ was applied. PB believed it would give people more confidence. RS pointed out that the main concept in these paragraphs was a twelve month period of grace except where the nominated DMSOQ was lower than the previous NDMSOQ. It was also agreed that 9.1 be expressed as a single paragraph.

2.2 User Pays

ST gave a presentation, concluding with indicative costs. He presented examples based on £50,000 analysis costs, £500,000 development costs and £450,000 pa ongoing service costs and assuming a Transporter:User split of 0:100 generated some costs per Supply Point.

Taking an example of 25,000 take-up, for ongoing service costs, the charge would be £18 which could rise in the first twelve months to £25.20. If, however the take-up were 500 then this would be £900 per Supply Point rising to £1,260. For analysis/service costs he developed a number of scenarios that demonstrated the effect to a cost ceiling and the cost of non-implementation.

PB suggested that a “confidence level” needed to be derived prior to going ahead with development. GE asked whether there was any methodology by which Users could indicate interest. ST suggested that a number of Users could act together to do this. RS referred to a previous discussion about indicating take-up as part of their responses. SL agreed with the concept but believed that anonymity was required, so the Joint Office of Gas Transporters or Ofgem could aggregate User estimates of take-up.

2.3 Incentive Charge

All attendees had been asked to consider this. CW identified the consequences of data not being supplied to xoserve. He expected the effect on RbD Users would be small if readings were not supplied. National Grid Distribution were therefore unwilling to suggest a charging level themselves but would be interested in Users’

views. PB suggested that the benefits were being assessed on the basis of 97.5% availability - this is the measure used currently for DMs. RS acknowledged the need for an incentive charge but didn't want any charges to be so high that Users took the option of reverting to NDM. PB responded that the confirmation process would inhibit switching to and from DM elective. LW pointed out that reverting to estimates would attract a cost both for xoserve and Users. After discussion, it was agreed that the transactional charge of estimation of a reading could drive the incentive charge. It was concluded that at the minimum, the charge must be at least equivalent to the Must Read charge. On this basis, a charge of £2 per day was suggested by RM. This revenue should be part of the K calculation but other mechanisms were suggested such as paying to Users that met their performance targets

DG 0224 008 xoserve (LW) to derive the transaction charge for generating and reconciling estimates

DG 0224 007 GdF (PB) to include a Business Rule for incentive charges based on the current DM monthly target of 97.5% and discussions in the meeting.

3. Impacts of Modification Proposal UNC0227

It was agreed that this be discussed at the next Distribution Workstream

4. Diary Planning for Development Work Group

13:30, 27 November 2008, Elexon

5. AOB

None.

ACTION LOG – Development Work Group 0224

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
DG0224 005	09/10/08	4	Draft a User Pays proposal	DNs	Closed
DG0224 006	23/10/08	2	Develop suggestions for an incentivised estimated read charge regime, including treatment of any revenue	All	Closed Included in action 7
DG0224 007	09/10/08	4	Draft a revised Proposal	GDF (PB)	Revised Business Rules Presented. Agreed to include a Business Rule for incentive charges based on the current DM monthly target of 97.5%. Carried Forward
DG0224 008	04/11/08		Derive the transaction charge for generating and reconciling estimates	xoserve (LS)	