

Review Group 0175 Minutes
Thursday 26 June 2008
Elexon, 350 Euston Road, London

Attendees

Julian Majdanski (Chair)	JM	Joint Office
Alan Raper	AR	National Grid Distribution
Bob Fletcher	BF	National Grid Distribution
Chris Warner	CW	National Grid Distribution
Dave Addison	DA	xoserve
Guy Hammond	GH	Gaz de France
Jenny Boothe	JB	Ofgem
Joel Martin	JMa	Scotia Gas Networks
Linda Whitcroft	LW	xoserve
Paul Clark	PC	Scotia Gas Networks
Phil Broom (Proposer)	PB	Gaz de France
Richard Street	RS	Corona Energy
Simon Trivella	ST	Wales & West Utilities
Steve Adcock	SA	xoserve
Tim Davis	TD	Joint Office

Apologies

Anna Pechlivanidou	AP	Ofgem
Helen Cuin	HC	Joint Office

1.0 Introduction and Status Review

1.1. Minutes from the March Review Group Meeting

The Minutes of the previous meeting were approved.

1.2. Review of Actions from previous meetings

Action 0001: All to consider the models provided, including the advantages and disadvantages, for further discussion.

Action Update: It was agreed that this ongoing action could now be closed.

Action: Closed.

Action 0003: Transporters to consider the potential cost of each model.

Action Update: See 2 below. The focus had been on the model emerging as favoured by Review Group participants.

Action: Closed.

Action 0004: Transporters to investigate the proportion of costs attributed to each model.

Action Update: See 2 below. The focus had been on the model emerging as favoured by Review Group participants.

Action: Closed.

Action 0010: xoserve to identify the cost of increasing the system capacity for submission of daily meter reads.

Action Update: See 2 below. 25,000 daily reads can be accommodated and, with the benefit of experience, this limit may prove to be up to 50,000

Action: Closed.

Action 0011: National Grid Metering and National Grid Distribution to examine Step 1 of the Daily Read Delivery Requirement for a capacity costing of a commercial arrangement based on 50,000, 100,000, 150,000 and 200,000 reads.

Action Update: See 2 below. This has not been addressed directly but was not felt to be necessary to pursue further.

Action: Closed.

Action 0012: Joint Office to request a three month extension at March Panel Meeting.

Action Update: Extension requested and granted.

Action: Closed.

Action 0013: xoserve to investigate the complexities of using a different supply type or the use of an AQ driven regime.

Action Update: See 2 below. xoserve had developed a range of assumptions and business rules to underpin cost estimates.

Action: Closed.

Action 0014: xoserve to provide some statistical analysis on threshold crossers.

Action Update: LW reported that 50 MPRNs crossed the AQ threshold downwards and 17 upwards, in the last AQ Review. xoserve's potential business rules deal with threshold crossers

Action: Closed.

Action 0015: xoserve to investigate the asset information that is required for the DM nominations and confirmation files and the possibility of using a default AIS.

Action Update: xoserve confirmed that it was likely to be necessary to hold asset data, with Shippers responsible for its maintenance, but this would be confirmed by detailed systems analysis.

Action: Closed.

Action 0016: xoserve to look at an alternative method for obtaining check reads.

Action Update: See 2 below.

Action: Closed.

Action 0017: All to consider a workable regime for must reads.

Action Update: While not wanting to rule it out, CW did not feel a must reads regime was needed for an elective DM service, which PB supported. The concern would be if continued estimated reads were received, but PB felt that the information could only be improved relative to the present position.

Action: Closed.

Action 0018: Shippers to consider the likely installation of AMRs.

Action Update: PB suggested this would need to be considered in light of the costs which xoserve were going to present. RS clarified that BERR were looking to see an AMR rollout across the SME market over the next ten years, even if not mandated, and would expect the commercial regime to be able to support this. It was agreed that take-up assumptions would merit consideration if and when a Modification Proposal is raised to take forward the Review Group's work.

Action: Closed.

2.0 Review Group Discussion

2.1. System Analysis

DA presented xoserve's tactical solution based on the existing DM business rules, with AMR sites being elective DM and treated like mandatory DM sites for settlement purposes. xoserve believe that the system has capacity to handle 25,000 elective DMs, but experience may show that a further 25,000 could be managed without additional investment in system capacity.

xoserve had developed some business rules to capture the assumptions made in generating cost estimates. However, formal systems analysis would be necessary in light of the confirmed business rules.

2.2. Potential Cost Analysis

JMa presented the results of a ROM (Rough Order of Magnitude) cost assessment assuming up to 25,000 Supply Points are involved. RS asked if the Group could see the xoserve ROM document. CW said that all the relevant information was covered in the presentations. JMa agreed to discuss with the other DNs if they would be happy to release the ROM document.

GH felt that the suggested upper end of Operational Costs per annum (£348k) looked sufficient to justify a system solution – a two year payback period. SA accepted this but the costs were volume dependent – rather than move straight to a strategic solution, the market and take-up could be monitored to see if and when this became justified.

DA ran through a series of potential business rules. CW asked whether Ofgem felt it tenable for an unbundled elective regime to exist alongside the bundled DM service offered by the DNs. SA did not feel this was an issue since this extended rather than restricted competition, with the issue being the lack of choice if a site moved above the mandatory threshold, requiring a logger to be introduced despite already having AMR equipment installed. JB did not expect a bundled and unbundled service operating side by side to be a major concern for Ofgem, although she would need to consider this further with colleagues.

CW asked whether the Transporters should have the right to challenge elective Shipper reads, equivalent to the Shipper right to challenge the Transporter in the bundled DM regime. RS felt this was reasonable if the Transporters were looking for assurance about the accuracy of transportation charges. GH agreed that it was in everybody's interests to be assured that accuracy was being maintained.

PB questioned why a DM elective meter point should be subject to ratchets. From a Transporter perspective, ST was concerned about accurate SOQs. It was agreed that this aspect would need development, with the aim being to encourage accurate data while avoiding unintended consequences.

GH asked how xoserve would decide it was appropriate to move towards a strategic rather than tactical solution. SA said the analysis would be based on the business rules and potentially involve two streams, one looking at the short term tactical solution and the other looking to prepare for the future – potentially tied in to project Nexus and the UK Link systems replacement. He did not see adoption of a tactical solution in the short term as prejudicing a strategic solution.

LW suggested the rate of failures was critical rather than simply looking at the number of meter points which elected to use the service. PB and RS indicated that they would be happy to provide the information they have on validation fail rates and the reasons for failure. RS believed Corona's failure rate was running at under 1½%.

In terms of likely take-up, PB's initial feel was that the service could be financially attractive given the cost information presented, and so take up could be significant although he could not immediately quantify this. It was recognised that if a tactical solution could support 50,000 supply points, this was a good 20% of the potential market, which could well be more than sufficient for the next few years. GH pointed out that the growth path was also important, on which GdF did not have a firm view at the present time.

3.0 Diary Planning for Review Group

PB suggested the Review Group had served its purpose and the industry should move to developing a firm Modification Proposal and associated Business Rules. It was agreed that PB and JM would draft a Review Group Report for approval, preferably by email although a further meeting could be arranged if necessary.

4.0 AOB

None.

APPENDIX A.

ACTION LOG - Review Group 0175

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
RG0175 0001	22/11/2007	2.0	All consider models provided, including the advantages and disadvantages.	All	Action: Closed
RG0175 0003	22/11/2007	2.0	Transporters to consider the potential cost of each model.	Transporters	Action: Closed
RG0175 0004	18/12/2007	2.0	Transporters to investigate the proportion of costs attributed to each model.	Transporters	Action: Closed
RG0175 0007	24/01/2008	2.0	xoserve to confirm the extent of the validation processes.	xoserve (LW)	Action: Closed
RG0175 0008	24/01/2008	2.0	xoserve to investigate and confirm the type of failures and frequency of failure types.	xoserve (LW)	Action: Closed
RG0175 0009	24/01/2008	2.0	xoserve to confirm what asset details would be required.	xoserve (LW)	Action: Closed
RG0175 0010	24/01/2008	2.0	xoserve to identify the cost of increasing system capacity for daily meter reads submission.	xoserve (LW)	Action: Closed
RG0175 0011	24/01/2008	2.0	National Grid Metering and National Grid Distribution to examine Step 1 of the Daily Read Delivery Requirement for a capacity costing of a commercial arrangement base on 50,000 100,000, 150,000 and 200,000 reads.	NGM and NGD (SF and CW)	Action: Closed
RG0175 012	04/03/2008	1.2	Joint Office to request a three month extension at March Panel Meeting.	Joint Office (JM)	Action : Closed

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
RG0175 013	04/03/2008	2.0	xoserve to investigate the complexities of using a different supply type or the use of an AQ driven regime.	xoserve (LW)	Action : Closed
RG0175 014	04/03/2008	2.0	xoserve to provide some statistical analysis on threshold crossers.	xoserve (LW)	Action : Closed
RG0175 015	04/03/08	2.0	xoserve to investigate the asset information that is required for the DM nominations and confirmation files and the possibility of using a default AIS.	xoserve (LW)	Action: Closed
RG0175 016	04/03/2008	2.0	xoserve to look at an alternative method for obtaining check reads.	xoserve (LW)	Action : Closed
RG0175 017	04/03/2008	2.0	All to consider a workable regime for must reads.	All	Action : Closed
RG0175 018	04/03/2008	2.0	Shippers to consider the likely installation of AMRs.	All Shippers	Action : Closed