

UNC Workgroup 0385 Agenda

Inclusion of DNOs as Users in User Pays Arrangements

Tuesday 07 June 2011

ENA, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF

Attendees

Tim Davis (Chair)	TD	Joint Office
Bob Fletcher (Secretary)	BF	Joint Office
Alex Ross	AR	Northern Gas Networks
Amie Charalambous	AC	RWE npower
Chris Shanley	CS	National Grid NTS
Chris Warner	CWa	National Grid Distribution
Dora Ianora	DI	Ofgem
Phil Lucas	PL	National Grid NTS
Richard Fairholme	RF	E.ON UK
Simon Trivella	ST	Wales & West Utilities

1.0 Outline of Modification

PL introduced the modification and its aims.

2.0 Consider Terms of Reference

No further comments were provided.

3.0 Initial Discussion

PL gave a presentation on the User Pays arrangements and how National Grid NTS are proposing to extend the definition of User to identify DNOs as users for User Pays purposes, which will allow further transparency of the allocation of costs. ST challenged whether DNOs were already considered to be users in the User Pays guidelines, though he was aware the modification rules might not directly facilitate the identification of DNOs. It was confirmed that the intent is that DNOs should face charges as Users rather than through as Transporters through the ASA (Agency services Agreement).

ST asked why it is not appropriate to continue with the process of identifying of allocating costs by adding Shipper or Transporter to the relevant section in the modification. The split between Transporters could then be managed through the ASA as appropriate. PL did not believe this was consistent with the UNC, and therefore it requires modification to specifically identify DNOs as Users within the Modification Rules.

RF asked if the modification allowed the allocation of costs to specific Transporters or is a collective reference. PL confirmed it could be either. ST advised that this is done now - Transporters have a process for allocating Xoserve costs in line with the ASA.

CWa asked for clarity on the difference between Transporters and DNOs. PL advised that this is dependent on definition being used at the time – DNOs is used where they are being defined as a user of services, which does not necessarily mean in their role as a transporter. CWa questioned where National Grid NTS fit into the definitions - are they just a Transporter or should they be defined as a separate entity to clarify where they provide services to DNOs. CS thought it would be appropriate to identify National Grid NTS as the relevant Transporter for these purposes.

CWa asked if National Grid NTS pay any User Pays charges. ST believed National Grid NTS are not charged for User pays services since they do not take any. ST felt a more elegant solution would be for the modification to identify an apportionment of costs between Transporters while continuing to use the process in the ASA for allocating actual costs. Contrary to PL's suggestion, ST did not think the modification adds to the transparency of user pays charges and processes, and therefore implementation would not facilitate the relevant objectives in the way suggested. By contrast, the modification will unnecessarily create more administration and extra invoicing costs when these aspects are already managed through the ASA.

TD asked how DNOs propose to share out costs for user pays services between Shipper and Transporter users and how National Grid NTS will apportion them. ST felt allocating a formula for apportioning costs, without putting in place a new billing process, could accommodate this.

CS confirmed that National Grid NTS would consider the comments and whether the process can be simplified to remove the additional billing arrangements, and that he would also look to see if any supporting changes to the User Pays Guidelines were desirable.

4.0 Diary Planning for Workgroup

The next meeting is scheduled for Thursday 21 July 2011, at ENA, following the UNC Committee meeting.