

## UNC Distribution Workgroup Minutes

Thursday 23 November 2017

Xoserve Limited, Lansdowne Gate, 65 New Road, Solihull, B91 3DL

### Attendees

|                        |       |                          |
|------------------------|-------|--------------------------|
| Bob Fletcher (Chair)   | (BF)  | Joint Office             |
| Helen Cuin (Secretary) | (HCu) | Joint Office             |
| Andrew Margan          | (AM)  | Centrica                 |
| Andy Clasper           | (AC)  | Cadent                   |
| Angela Love *          | (AL)  | Scottish Power           |
| Chris Warner           | (CWA) | Cadent                   |
| Claire Towler          | (CT)  | SSE                      |
| Colin Blair *          | (CB)  | Scottish Power           |
| David Addison          | (DA)  | Xoserve                  |
| David Mitchell         | (DM)  | SGN                      |
| Debbie Brace           | (DB)  | National Grid NTS        |
| Emily Wells *          | (EW)  | Corona Energy            |
| Gareth Evans           | (GE)  | Waters Wye               |
| Gavin Anderson *       | (GA)  | EDF Energy               |
| Jeremy Guard           | (JG)  | First Utility            |
| Jon Dixon *            | (JD)  | Ofgem                    |
| Kathryn Turner *       | (KT)  | Good Energy              |
| Lorna Lewin            | (LL)  | Orsted                   |
| Mark Jones             | (MJ)  | SSE                      |
| Nicky Rozier *         | (NR)  | (BUUK)                   |
| Rachel Hinsley         | (RH)  | Xoserve                  |
| Richard Pomroy         | (RP)  | Wales and West Utilities |
| Roger Somoo            | (RS)  | Utility Warehouse        |
| Shanna Key             | (SK)  | Northern Gas Networks    |
| Steve Mulinganie       | (SM)  | Gazprom                  |
| Steven Britton *       | (SB)  | Cornwall Insight         |

\* via teleconference

Copies of all papers are available at: <https://www.gasgovernance.co.uk/dist/231117>

### 1. Introduction and Status Review

BF welcomed all to the meeting.

#### 1.1. Approval of Minutes (26 October 2017)

The minutes of the previous meeting were approved.

#### 1.2. Modification(s) with Ofgem

##### 1.2.1. 0625 - Extension of 4 months to 10 months to transfer non-mandatory sites from Class 1

JD suggested that Ofgem should be in a position to provide a decision by the end of this week to ensure there was clarity by 01 December.

AL enquired if a decision to implement was not provided in time for 01 December 2017 implementation if sites would be moved to Product Class 4 by Xoserve.

EW clarified that if Ofgem direct implementation to make changes from Class 1 to Class 2 Shippers would need 5 business days to implement the change. EW also enquired if in-flight changes requested by Shippers would prevent Xoserve automatically moving sites to Class 4. RH clarified that Xoserve would not intercept in-flight changes where sites are already in the process of moving from Class 1 to Class 2, Xoserve would not move these to Class 4. RP enquired how movements would be settled in the intervening days. It was clarified that sites would be settled under Class 1 until they are effectively Class 2.

SM stressed if the modification is not implemented by 01 January 2018 parties will need to clearly understand what the process will be as he understood the Xoserve would not trigger the process until this date.

DA believed the obligation is for sites to be off Class 1 by 01 December 2017, for sites that should have moved but haven't within one month the CDSP would nominate on behalf of the Shipper for the site to be moved to Class 4 as a default. If the system indicates a site is already in transition Xoserve would not intervene.

AM asked for Xoserve to provide confirmation to Shippers of which sites would be moved. DA agreed to provide a communication to confirm the timescales and what the obligations are for sites which do not qualify to be Class 1. He also agreed for Xoserve to provide a report to Shippers of the sites impacted to start a debate on whether these sites should be moved.

**Action 1101: UNC0625 - Xoserve to communicate with Shippers what the timescales, obligations and leads times are for moving sites which do not qualify to be Class 1 and provide a report on impacted sites.**

### 1.3. Pre-Modification discussion

None for discussion.

## 2. Workgroups

### 2.1. 0594R - Meter Reading Submission for Advanced & Smart Metering

*(Report to Panel 21 December 2017)*

<https://www.gasgovernance.co.uk/0594>

### 2.2. 0619 - Application of proportionate ratchet charges to daily read sites; 0619A – Protection from ratchet charges for daily read customers with an AQ of 732,000kWh and below; and

**0619B – Application of proportionate ratchet charges to daily read sites**

*(Report to Panel 21 December 2017)*

<https://www.gasgovernance.co.uk/0619>

### 2.3. 0632S – Shipper asset details reconciliation

*(Report to Panel 18 January 2018)*

<https://www.gasgovernance.co.uk/0632>

### 2.4. 0635 – Reforms to incentivise accurate and timely DM reads to improve the accuracy of Unidentified Gas allocation

*(Report to Panel 19 April 2018)*

<https://www.gasgovernance.co.uk/0635>

## 3. Topic - Revised estimation process for DM sites with D-7 zero consumption

It was noted that Urgent Modification 0634 - Revised estimation process for DM sites with D-7 zero consumption, had been implemented, on 20 November 2017, and that the subject of

the modification had been referred to Workgroup for a report to be provided by the April Panel.

Two specific questions had been raised by Panel and these would be discussed further below:

1. Should the Modification effect be for a transitional period or enduring;
2. Review the intent of Modification Solution and Legal Text to ensure consistent interpretation.

SM asked about the terms of reference for the review, referring to Ofgem's decision letter and the expectation that the modification would be referred back to Workgroup.

BF clarified that as the modification had been implemented UNC0634 could not be referred back to a Workgroup, however the subject of the modification would be discussed as a topic within the Distribution Workgroup which may or may not lead to recommendations for change including a modification.

SM advised that his intention is to raise a modification that would introduce an end date or sunset clause.

### **3.1.1. Consider whether the implementation of the solution should be an enduring or transitional arrangement;**

BF believed there were some strong views expressed that once the modification had been implemented a review should be undertaken to consider if the arrangements should be an enduring or transitional arrangement.

SM highlighted the need for some analysis to determine if UNC0634 delivers any value. He wanted to understand what would be the net erroneous position, what the consequence was in real terms and if this modification would deliver a positive or negative impact.

AM challenged the ability to reverse the solution if there was evidence that the benefit it intended to deliver could not be achieved. BF advised that a modification would be required to change the solution or unwind it. SM was keen to assess the net outcome if this had been applied compared to it not being applied.

RP suggested that the Performance Assurance Committee (PAC) may also want to review how the CDSP exercised "its discretion" as FGO had removed this option from Code and now it had been reintroduced. However, he was conscious that this Workgroup and PAC should not duplicate effort. He confirmed that this would be raised at PAC.

DA confirmed that where Xoserve is to use its discretion, it would write to parties informing them that it is intended to load DNSP information into the system. Xoserve are reliant on the DNSP on the provision of consumption data, and Xoserve will be writing out to Shippers about the available information on consumption to give them the option to override the information the CDSP intended to load.

DA explained a scenario when there is a negative consumption where a bank holiday falls within D-7.

SM believed that there had been a statement suggesting 70% of the sites in question are correctly set with an AQ of 0. He enquired about Xoserve using their discretion to record a true consumption of 0. He understood that Xoserve are writing to parties where they believe the AQ is 0 or there is actual consumption.

GE requested that Xoserve report some analysis.

DA explained the periods required to assess the consumption adjustments in the first week of operation, with then a D+5 window to consider, to allow information to get to a sensible position. SM asked if there has been any pushback within the D+5 that the suggested consumption adjustment is incorrect.

DA agreed to provide some further information to help parties better understand the extent of the issues.

JG recognised the benefits of the modification and that as a result some Os have been replaced.

It was agreed that further consideration, on whether the implementation of UNC 0634 should be an enduring or transitional arrangement; would be undertaken once further statistical analysis has been provided by Xoserve at the next meeting.

**Action 1102: Xoserve to provide statistical analysis for DM sites with D-7 zero consumption.**

**3.1.2. Consider whether the solution and legal text interpretation is consistent.**

BF clarified that comments had been made during UNC Panel in relation to the legal text interpretation. RP noted that the solution could be open to interpretation. The Workgroup and the proposer agreed that the legal text matched the intention of the modification.

**4. Review of Outstanding Actions**

There were no outstanding actions.

**5. Any Other Business**

None raised.

**6. Diary Planning**

The Workgroup discussed and agreed to defer the next Distribution Workgroup Meeting scheduled on Thursday 14 December due to the availability of Proposers. An additional meeting was requested on Friday 05 January 2018. It was noted that the Workgroup 0619/A/B would need to request an extension for the Workgroup Report to the January Panel.

DB enquired about the meetings scheduled for UNC 0623 - Governance Arrangements for Alternatives to Self-Governance Modification Proposals. It was confirmed that 0623 Workgroup meetings are standalone meetings and the next meeting was understood to be on 04 December via teleconference. It was believed that UNC 0623 would not need to be on the agenda for 05 January.

*Further details of planned meetings are available at: [www.gasgovernance.co.uk/Diary](http://www.gasgovernance.co.uk/Diary)*

Distribution Workgroup meetings will take place as follows:

| Time/Date                                       | Venue  | Workgroup Programme   |
|---|--|---|
| 10:30 Thursday<br>14 December 2017<br>Cancelled | Elexon, 350 Euston Road,<br>London, NWE1 3AW                       | Cancelled   |
| 10:30 Friday<br>05 January 2018                 | Energy UK, Charles House 5-11<br>Regent Street, London SW1Y<br>4LR | Topic - Revised estimation process for<br>DM sites with D-7 zero consumption;<br><br>0619, 0632, 0635 |
| 10:30 Thursday<br>25 January 2018               | Solihull venue to be confirmed                                     | Standard Agenda items   |

|                                    |   |                       |
|------------------------------------|---|-----------------------|
| 10:30 Thursday<br>22 February 2018 | Elxon, 350 Euston Road,<br>London, NWE1 3AW | Standard Agenda items |
| 10:30 Thursday<br>22 March 2018    | Solihull venue to be confirmed              | Standard Agenda items |

**Action Table (as at 23 November 2017)**

| <b>Action Ref</b> | <b>Meeting Date</b> | <b>Minute Ref</b> | <b>Action</b>   | <b>Owner</b> | <b>Status Update</b> |
|-------------------|---------------------|-------------------|---|--------------|----------------------|
| <b>1101</b>       | 23/11/17            | 1.3.1             | UNC0625 - Xoserve to communicate with Shippers what the timescales, obligations and leads times are for moving sites which do not qualify to be Class 1 and provide a report on impacted sites. | Xoserve (DA) | <b>Pending</b>       |
| <b>1102</b>       | 23/11/17            | 3.1.1             | Xoserve to provide statistical analysis for DM sites with D-7 zero consumption (UNC0634).   | Xoserve (DA) | <b>Pending</b>       |