

**Review Group 0162 Minutes**  
**Monday 21 January 2008**  
**Elxon, 350 Euston Road, London NW1 3AW**

**Attendees**

Julian Majdanski (Chair)	(JM) Joint Office of Gas Transporters
Mike Berrisford (Secretary)	(MiB) Joint Office of Gas Transporters
Alison Russell	(AR) Centrica
Anna Taylor	(AT) Northern Gas Networks
Bernard Kellas	(BK) SSE
Denis Aitchison	(DA) Scotia Gas Networks
Dennis Timmins	(DT) RWE Npower
Eddie Blackburn	(EB) National Grid
Fiona Upton	(FU) EON UK
John Edwards	(JE) Wales & West Utilities
John M <sup>c</sup> Namara	(JMc) Ofgem
Lorraine Goodall	(LG) Scotia Gas Networks
Shelley Rouse	(SR) StatoilHydro
Stefan Leedham	(SL) EDF Energy
Steve Armstrong	(SA) National Grid Distribution
Steve Edwards	(SE) Wales & West Utilities
Steve Marland	(SM) National Grid Distribution
Sundee Klair	(SK) Energy Networks Association

**1. Review of Minutes and Actions**

**1.1 Minutes**

The minutes of the 29 November 2007 meeting were accepted.

**1.2 Review of Actions**

RG0162 0007 – Chair (JM) informed members that UNC Modification 0186 “Provision of Cost Information” had been raised by RWE Npower to replace UNC Modification 0160. Furthermore, RWE Npower have indicated their intention to formally withdraw UNC modification 0160 within the next few days.

Chair (JM) asked, and members agreed, to close the action.

**Action RG0162 0007: Closed**

RG0162 0008 – Chair (JM) opened consideration on this outstanding action item by providing a brief overview of the 29 November 07 meeting discussions. He went on to advise members that the DNs had each obtained a legal view and would be looking to adopt a ‘Unanimous’ approach to decision making.

National Grid (SM) suggested that any of the Transporters could always abstain from the voting.

NGN (AT) enquired as to what would happen with regard to 'Unanimity' in the event that some voting members (Transporters for instance) abstained. JM advised that this would only work if those members wishing to abstain left the room, as being present at the time of a vote, would count as 'not voted in favour'.

JM asked EB on behalf of NTS, if he had any issues with this suggested approach, to which he confirmed he did not.

Centrica (AR) enquired if the voting applied specifically to the Uniform Network Code Committee (UNCC) and not to the DCMF as a sub committee of the UNCC, to which JM confirmed that is the correct assumption. AR then asked if, in the event of a failed unanimous vote, parties could still raise a Code Modification Proposal, to which JM confirmed that they could.

In closing, JM pointed out to members that someone will need to raise a UNC Modification Proposal to introduce the governance process. AR indicated that she would be more than willing to raise the Proposal but was concerned about being in a position to accurately draft the legal text. At this point SE volunteered to raise the Proposal, although he suggested that it might be prudent to await the outcome of UNC modification 0186 before formally raising it.

Chair (JM) asked, and members agreed, to close the action.

**Action RG0162 0008: Closed**

RG0162 0009 – Chair (JM) asked, and members agreed, to close the action.

**Action RG0162 0009: Closed**

## 2. Review Group Process

### 2.1 Allowed and Collected DN Revenue

In opening this item JM asked if attendees were happy with modification 0186, as amended following consideration at the 17 January 08 UNC Modification Panel meeting. DA responded by stating that he remained concerned about the wording in the heading of the second column in the required information table on page 1, which currently reads as:

*'Annual target (projected forward for 5 years)\* '*

He went on to state, that he believes this should read as:

*'Annual target (projected forward to the end of the Price Control Period)\* '*

Furthermore, DA said he would have liked to see a clearer distinction within the table to identify what information can be provided within the (current) price control period versus what can be provided beyond the period. SE added his concerns about projecting beyond 2013.

AR wondered if this was really an issue as she believed that the various disclaimers (marked by an \* in the table) immediately following the table provided

sufficient latitude and safeguards for the DNs providing forecast information projected beyond the current price control period. SL reinforced this view, suggesting that the DNs could always insert zero values into the table when this became an issue.

JM advised members that as UNC 0186 had already proceeded to consultation, the 'cleanest solution' would be to raise an alternate Proposal to it so that DA's concerns could be addressed and suggested amendments could be incorporated. However, in accordance with the UNC Modification Rules should SGN, or anyone else, wish to raise an alternative to 0186 they only have until Thursday 24 January 08 in which to formally raise one (5 business days following the Panel decision).

AR suggested that as the market is approaching a new Price Control period, one option would be to allow 0186 to proceed as it is, and follow this up with a new Modification Proposal thereafter, as she believes that there will be a 12 month window of opportunity, especially if a new governance Proposal is also raised. AT partially supported this view by suggesting that post any implementation of 0186, the various reports would be subject to discussion within DCMF before being formally published.

JM reminded members that an alternate once raised would immediately 'adopt' the timetable for 0186 and be presented to the Panel as a single combined Final Modification Report 0186/0186A.

In response, DA informed members that he believed that this matter is more about process issues rather than simply amending the table within 0186 and will be discussing the possible raising of an alternate Proposal with his colleague(s) back at SGN. AR indicated that she would be concerned with this approach as it may be a barrier to providing information over the next two (2) years, as per the original intention of 0186. AT asked, if adding an additional caveat defining what assumptions had been made for the 'Allowed Revenues' would suffice, to which LG disagreed, believing it added little real value. DT also suggested adding a disclaimer within the report commentary to 'cover' not being able to predict information beyond 2013 may be beneficial.

AR suggested that as the forecast for 2013/14 would need to be undertaken during 2009, the DCMF would provide an ideal opportunity for Shippers and DNs to discuss what information, and in what form, would be appropriate going forward.

DA remained concerned that 0186 as it stands, will not allow the DNs to predict and therefore provide information for beyond 2013. SE supported this view indicating that everyone acknowledges that no one knows what the 'Collected Revenue' will be beyond 2013. DA advised members that he would be more than happy to discuss these matters under a DCMF banner, but remains unhappy for the provisions to go into Code as currently defined within 0186.

SL indicated that he would be surprised if the DN's did not actually follow a 5 year business plan approach, similar to those utilised by Shippers. He was concerned that a 2 to 3 year 'black hole' may appear in the forecast post 2013. DA suggested that qualitatively this may prove to be the case, but not quantifiably. SE reminded members that it is having the provision codified that is the concern.

AR indicated that she remained of the opinion that the DN's could provide forecast assumptions beyond 2013 in arena's such as the DCMF, supported by appropriate

caveats. Alternatively, but not necessarily preferably, the DN's could consider providing the models and the Shippers could make their own predictions.

SM asked members to consider what definitions may be needed for Shipper's and the DN's to come together to discuss Price Control assumptions in future – would monthly DCMF meetings be appropriate. Of equal importance, members will need to consider how to address any disagreements over future assumptions. EB queried if providing a 'range' of forecasts may be beneficial.

## **2.2 UNC Modification Proposal 0160 – Completion of Workstream Report**

In light of discussions elsewhere in both the DCMF and this meeting, it was agreed that this item had already been covered.

## **2.3 Governance**

In light of the discussions in 2.1 above, it was agreed that this item had already been covered.

## **2.4 Impact of 2007 AQ Review on DN Collected Income**

In light of discussions elsewhere in both the DCMF and this meeting, it was agreed that this item had already been covered.

## **3. Diary Planning for Review Group**

Chair (JM) suggested to members, that as the governance Modification Proposal is to be raised shortly, the Review Group had completed its work, and with the members agreement, he would prepare a draft Review Group Report for their consideration. AR indicated that her preference would be to await the Authority decision on 0186 and any proposed amendments to the original intent of 0162 in light of DA's concerns before concluding the group's work.

JM then asked, and members agreed, to undertake a teleconference meeting of RG0162 in mid March 08, for a progress update.

**Action RG0162 0010: Joint Office (MiB) to arrange a date for the March teleconference meeting and issue the appropriate notifications nearer the time.**

## **4. AOB**

None.

## APPENDIX A

## ACTION LOG - Review Group 0162

Action Ref	Meeting Date	Minute Ref (Org Ref)	Action	Owner	Status Update
RG0162 0007	29/11/07	2.1	WWU, RWE Npower & Centrica to develop a new Modification Proposal to replace 0160.	WWU, RWE & Centrica  (SE/DT & AR)	Update provided. <b>Closed</b>
RG0162 0008	29/11/07	2.3	JM to obtain a legal view from DNs on the adoption of a DCMF style governance model for amending the information in the report.	Joint Office (JM)	Update provided. <b>Closed</b>
RG0162 0009	29/11/07	AOB	MiB to arrange DCMF and RG0162 meetings for Monday 21 January 2008 preferably in London.	Joint Office (MiB)	Completed 29/11/07. <b>Closed</b>
RG0162 0010	21/01/08	3.0	Joint Office (MiB) to arrange a date for the March teleconference meeting and issue the appropriate notifications nearer the time.	Joint Office (MiB)	tbc.