

Distribution Workstream Minutes
Thursday 22 July 2010
Holiday Inn, 61 Homer Road, Solihull, B91 3QD

Attendees

Bob Fletcher (Chair)	BF	Joint Office
Helen Cuin (Secretary)	HC	Joint Office
Alison Jennings	AJ	xoserve
Andrew Wallace	AW	Ofgem
Andy Miller	AM	xoserve
Beverley Viney	BV	National Grid NTS
Brian Durber	BD	E.ON UK
Chris Warner	CW	National Grid Distribution
Gareth Evans	GE	Waterswye
Jemma Woolston	JW	Shell
Joanna Ferguson	JF	Northern Gas Networks
Joel Martin	JM	Scotia Gas Networks
Jonathan Wisdom	JW	RWE Npower
Karen Kennedy	KK	ScottishPower
Kevin Woollard	KW	British Gas
Linda Whitcroft	LW	xoserve
Lorna Dupont	LD	Joint Office
Mark Jones	MJ	SSE
Richard Dutton	RD	Total Gas and Power
Simon Trivella	ST	Wales & West Utilities
Stefan Leedham	SL	EDF Energy
Steve Mulinganie	SM	Gazprom
Sue Prosser	SP	xoserve

1. Introduction and Status Review

1.1. Minutes from the previous meeting

The 24 June 2010 meeting minutes were approved.

1.2. Review of actions from previous Distribution Workstream meetings

Action Dis0503: ScottishPower (KK) to amend Proposals 0292 and 0293 in light of Workstream discussion.

Action Update: KK confirmed that both proposals would be considered for amendment when there was more information on validations. **Carried Forward.**

Action Dis0601: UNC0292/3 Shippers to provide xoserve the number of MPRNs likely to be submitted for an AQ amendment as soon as possible by the end of July 2010.

Action Update: LW confirmed that some responses have been received, and so far the aggregate position from these responses suggests that

should the rule be reduced to 0% that around 10.6m amendments would flow. CW was keen to understand the proportion of Shippers that have responded and the percentage of the market they represented. AM asked if all Shippers could provide a response even if this is a response to confirm that they are not in a position to provide the information. AW welcomed as much information as possible as to the likely demand for the service. SL was concerned that an extrapolation would enable identification of Shippers and asked if any breakdown could be anonymous and if possible, can xoserve contact the responding shippers prior to publication of the report.

Carried Forward.

New Action Dis0601a: xoserve undertake a further extrapolation of the possible AQ amendment demand data provided and provide an appropriate anonymous breakdown of the data. However, contact the relevant Shippers before publishing their information.

Action Dis0602: Topic 0046Dis, Transporters to consider and clarify how they are going to apply the tendering process.

Action Update: CW confirmed that work is currently being undertaken and that it is anticipated a report will be provided to the August UNCC and Distribution Workstream meetings. AW asked if updates can be provided to the industry to keep all parties informed. SL suggested an update is published on the Joint Office website. CW agreed to provide an interim update for publication on the Joint Office website.

Complete.

New Action Dis0602a: Provide an interim update on the development of the AUG criteria for publication on the Joint Office website. **Pending.**

Action Dis0603: UNC0292/3 - xoserve to review the AQ Amendment validation filters and consideration given to refining the parameters/rules and the impact this would have.

Action Update: LW confirmed more detailed analysis is required and will start after the AQ Review. A discussion took place on the extent of the information storage and calculations. LW was mindful of the extent and storage of data required in relation to spec calculations. KK suggested that previous usage of spec calculations should indicate the volumes xoserve can manage. xoserve agreed to provide a timeline around when the analysis is likely to be provided and also look at the historical position on spec calculations to ascertain possible system capacity volumes. **Carried Forward.**

Action Dis0604: UNC0292/3 - xoserve to provide some examples of rejected AQ Amendments.

Action Update: LW confirmed actual examples are not available, however SP provided an explanation of some of the rejected AQ Amendments, and the referral of rejected amendments to DESC - these included multiple meter exchanges, gas nomination type and sub-deduct meters. **Complete.**

Action Dis0605: UNC0296 - Consideration to be given on the use of a "contemplating" definition.

Action Update: KW asked for this item to be carried forward whilst further work is undertaken. **Carried Forward.**

Action Dis0606: UNC0296 - Consideration to be given on the potential controls for the access to the data.

Action Update: This item was deferred until the next meeting. **Carried Forward.**

Action Dis0607: UNC0296 - DW to update the modification to reflect discussions.

Action Update: KW asked for this item to be carried forward whilst further work is undertaken. **Carried Forward.**

Action Dis0608: UNC0313 - Transporters to provide a timeline for scenarios 1,2 & 3.

Action Update: CW confirmed that work is ongoing. **Carried Forward.**

Action Dis0609: UNC0313 - Ofgem to provide their view on how they anticipated the charges process working once UNC 0229 had been implemented.

Action Update: AW advised that parties have interpreted in different ways. He recognised that there are two further modifications to provide clarity. He requests that Legal Text is provided with each to help with clarity.

Complete.

Action Dis0610: UNC0313 - DW to update the proposal to reflect discussions during the Workstream.

Action Update: Ongoing. **Carried Forward.**

Action Dis0611: Topic 0045Dis - Update to be provided by WWU on the handling of Emergency situations at priority customer sites.

Action Update: ST asked if this item could be deferred until next month. **Carried Forward.**

Action Dis0612: Topic 0047Dis - SL to identify possible options for reducing the current transfer timescales.

Action Update: SL provide presentation see item 3.4. **Carried Forward.**

Action Dis0613: Topic 0048Dis - Shippers to provide consumption data for prepayment portfolios to xoserve.

Action Update: LW explained that no information had been provided, it was agreed to consider this item next month. **Carried Forward.**

Action Dis0614: Topic 0048Dis - xoserve to examine prepayment consumption data and use this to work out an EUC profile and identify any potential costs and benefits of having separate Domestic EUCs.

Action Update: LW was uncertain if xoserve would be able to provide this information due to the way consumption data is provided for prepayment meters – this is usually based on purchase information and not daily usage. xoserve will consider the action but cannot commit to providing and a specific EUC band. KW confirmed that British Gas would reconsider the action and ascertain if daily information can be provided. **Carried Forward.**

Action Dis0615: Topic 0050Dis - Transporters to identify the number of interruptible sites that could become DMV.

Action Update: ST advised there were approx 1770 DM sites of which 30% were mandatory and 70%DMV. ST is to provide is to provide analysis of DMVs and which had dropped out of mandatory due to changing consumption **Carried Forward.**

1.3. Review of Live Modification Proposals

BF briefly ran through the live Modification Proposals that were not on the agenda for discussion.

BF confirmed that UNC0271 had been withdrawn.

1.3.1. Proposal 0274: Creation of a National Revenue Protection Service (update)

SM confirmed that the terms of reference, the project plan and a strawman will be issued shortly for the NRPS tender development.

2. Modification Proposals

2.1. Proposal 0292: Proposed change to the AQ Review Amendment Tolerance for SSP sites

KK recognised that likely demand information will be presented next month. She confirmed that further clarity would be provided within the proposal on the process for managing the likely submission of amendments and the use of allowances.

CW explained that a change order is to be raised for xoserve to undertake a rules analysis.

LW explained that xoserve would need to understand how the scheduling will work, and highlighted that more information would be required for a ROM. SP explained that the majority of amendments are submitted in the last week. SM suggested models are considered to advise the industry the most appropriate/cost effective way of managing demand for the service

LW explained that due to the AQ Review Process is currently in progress and it will be difficult for any analysis work to be undertaken on amendment submissions and demand levels until it had been completed.

2.2. Proposal 0293: Proposed removal of the AQ Review Amendment Tolerance for SSP sites

See 2.1.

2.3. Proposal 0296: Facilitating a Supply Point Enquiry Service for Non-Domestic Supply Points

JM asked for clarification on whether the proposal changed the existing supply point enquiry process. KW explained that this was an enabling proposal and did not specify changes to current services.

SM expressed concern about the nature of the report and its likely use. KW confirmed that consideration is being given on the possible solutions and an update will be provided at next months meeting.

It was agreed item is deferred until August.

2.4. Proposal 0313: Application Date for Mod0229

KW explained that British Gas is reviewing the possibility of an amendment to the proposal. The Workstream considered if the Workstream Report could be completed. It was agreed to consider the report once the amendment had been published.

GE was keen not to let UNC0313 delay the progress of UNC0317 or vice versa and that Ofgem should consider them in isolation.

ST asked about the three illustrations. He asked for clarification on illustration 2, the market share calculation and the use of a one of invoice.

New Action Dis0701: British Gas to provide clarification for calculating the charges and billing arrangements appropriate to option 2.

2.5. **Proposal 0314: The provision of a “Data Update” to Non Code Parties**

The Workstream report was considered and SL gave some feedback on the proposal. The Workstream agreed a number of changes to the proposal were required and SM agreed to submit an amended proposal to reflect the discussions.

ST raised a concern that the proposal does not restrict which party the information could be released to. SM felt the proposal cannot be restrictive to the point where it discriminates against another party. SM asked members to review the proposal and advise of any potential changes, which restrict the receivers of the report and should the warrant in item 1 be extended in scope.

New Action Dis0702: ST to provide a legal view on the restriction of the types of recipients of the data items listed in the proposal and seek a legal view on the provision of information under Section V5.5.3. Including sanctions or remedies for breach of the conditions.

AW asked what sanctions would apply if parties breached the restrictions or safeguards placed around the data items, what controls could be enforced.

AM advised that sanctions could be followed under the 3rd Party Rights Act, allowing a Shipper to pursue the data recipient for misuse of the information.

GE asked how the release of information under SCOOGES is managed. ST advised it is managed under SPAA and there is limitations around which parties can receive the data. GE suggested ESTA could be a named party for the receipt of data. SL asked if ESTA is named would this prevent other organisations requesting data.

SL asked about the frequency and cost of the information provision, recognising that a daily update would be an optimum subject to the cost.

It was agreed to postpone the production of the Workstream report until a legal view has been obtained and the proposal amended.

It was clarified that a bilateral commercial contract would need to be used for the service rather than a User Pays service.

New Action Dis0703: SM to circulate his proposed questions to Gazproms legal team for comment by the workstream.

3. Topics

3.1. **0040Dis, Disconnection Process**

CW confirmed that policy changes are currently being considered and that good progress is being made. It was agreed to put this topic on hold and CW is to advise the Workstream once the policy had been clarified.

3.2. **0045Dis, Handling of Emergency Situations at Priority Customer Sites**

Item deferred until August.

3.3. 0046Dis, Mechanism for Correct Apportionment of Unidentified Gas Guidelines Document

BF outlined the progress to date.

3.4. 047Dis, Third Energy Package

SL provided a presentation on what the requirements for change of supplier are likely to be, the current process and some potential solutions/options for consideration.

SL provided a timeline on the current SSP transfer process. It was clarified that the LSP process includes a nomination process. It was confirmed that D-7 is the point of no return in terms of consumers cooling off period.

AM explained that a site can transfer quicker if a site has been voluntary withdrawn.

CW thought Shippers could use the objections process and this would reduce the need to involve the Transporter and achieve a quicker implementation time.

SL considered the process should be reviewed now, however they were looking for options now on a short time scale and longer term solutions with the role out of Smart metering.

The workstream considered whether SPAA had a role, though at this stage it is difficult to understand the requirements without detailed guidance from Ofgem and an implementation decision.

A discussion took place on the use of the withdrawal process to shorten the transfer timescales. AJ suggested that as the confirmation can be cancelled and that the transfer process could be imitated by the Shipper to run parallel with the cooling off process, if the customer inacts the cooling off period the confirmation could be cancelled without impacting the overall process.

It was questioned if the nomination process timeline could be reduced to allow the potential changes to be made.

AJ expressed concern about the system constraints and the ability to change systems in time to meet the expected implementation timeline for the 3rd energy package. GE was concerned about asking xoserve to consider the system impacts when the final proposals had not been clarified by DECC or Ofgem and requirements may change.

AJ advised that xoserve systems would require significant changes; the potential solutions and changes to timescales were hardcoded and not just table/parameter changes.

AW thought the consultation was due out within the next week, with a close out in September.

The Workstream discussed arranging an urgent meeting to consider a potential solution and the system impacts if it was necessary.

CW challenged the change of the Supplier and questioned if the site registration with xoserve needs to be in line with the transfer.

SL reiterated that whatever happens with Suppliers must also happen with Shippers on Sites and Meters, to be compliant with the UNC and Licence obligations. This had just been a sort of 'fishing trip', and the Shippers'

response to DECC would reflect that of the Transporters. BF added that a watching brief should be maintained by all.

3.5. 0048Dis, Management of Domestic EUCs

It was acknowledged that discussions were due to take place with xoserve on the impact of including prepayments sites within the scope of UNC270. It was suggested that if the difference in consumption for prepayment portfolios is provided by Shippers to xoserve, they could use this to work out what the EUC band could look like and the costs and benefits of doing this.

3.6. 0049Dis, DN Interruption Phase 2 ("Oct 2011 implementation")

ST reported that some questions had been raised at the recent Shipper Interface meeting and he will incorporate these into the presentation, which he intends to deliver at the next Workstream meeting.

3.7. DM unbundling

ST reported that next month he would have a good idea of DME numbers and when these may potentially swap over.

Feedback on the three Modifications had been received.

The priority position Modification Proposal – no update.

Reviewing liabilities – the initial thinking is not to align with roll out of DM Elective; there was a view that it would be better to rollout with DMV, which ST is still considering. To counteract the other issue he may look at not removing D+5 liabilities, only D+1. He is still considering if he wants to align with DME.

Regarding the removal of DMV – was to be aligned with rollout of DME with a transition period, but ST believes that there will be gap between the two markets (73,200kWh to 732,000kWh). The numbers available next month will be more helpful, probably less than 40 sites, half of which are likely to be interruptible. The question of how to account for these is under consideration. Do we allow DMV into the DME regime? – sites may have ceased trading, or stopped using gas, but ST needs to understand the materiality, and which need to be maintained and serviced.

GE observed that assumptions should not be made and it needs to be clear when a DM service can be/is offered and the associated timescales.

It was agreed to raise a new topic with a Medium Priority for further discussion.

3.8. New Topics

3.8.1. Network Code Reconciliation Suppression Guidelines

The topics was deferred and BF will contact the 'owner' and see what action needs to be taken. On Hold.

4. AOB

4.1. Procurement of NDM Profiling Data

CW gave a presentation relating to the AMR Installation programme that National Grid Distribution had commenced in April 2009, in an attempt to address the reduction in sample numbers (for National Grid Distribution alone the total was 1,147 below its share of the target number set by the DESC).

CW described the steps and routes taken to communicate with Shippers and their customers to enlist both their assistance and their acquiescence in voluntarily addressing the deficit. Of the 2,265 contacts made only 1,237 responses were received from the Shippers. To date 600 calls had been made, most of which had resulted either in refusal to participate or abandonment of the job because the work was unable to be carried out; so far only 40 jobs have been completed.

The present position whereby the sample size continues to reduce is untenable; the sample size needs to be rebuilt and CW had come to the Distribution Workstream in search of suggestions, for example via a collective approach, that might generate a significant improvement in the current position. He confirmed that National Grid Distribution had the funding and the resources to address the work involved in getting the installations carried out.

SL said that EDF had encountered problems with a meter installer that had been removing equipment from sites (this would have exacerbated the issue) and this had been brought to xoserve's attention.

GE suggested there might be a primacy issue relating to equipment already in place, but CW believed this could be worked around. SM added that clients had paid for an AMR service, and were therefore questioning why further equipment should need to be fitted, if the data is already available to be provided. Both GE and SM believed that customers would be looking to see some tangible benefit for agreeing to National Grid Distribution's request to install equipment, otherwise a customer just views it as a potential risk to which they do not need to expose themselves. CW believed that the message to the customer should be one of no risk and no cost. GE pointed out that to a customer two sets of equipment might seem excessive, especially when the customer had no contractual relationship with the Transporter. CW said that was why the Transporter needed the Shipper's assistance JW observed that a domestic customer would not care too much, but an I & C customer might have concerns that extra equipment might interfere with its processes, etc. BV added that there had been bad press latching on to the wariness surrounding the concept of 'big brother' surveillance and attitude.

SM then pointed out that there was a rapidly growing population of AMR devices without having to 'piggy back' on third party equipment, and suggested that a bilateral contract could be put in place to acquire necessary data. CW pointed out that the problem needed addressing now. LW pointed out that xoserve required a year's worth of data so such an arrangement would not generate any data for use until 2012; historic AMR information would be of use if the Shippers were able to provide it. Shippers believed there may be data protection issues, particularly with domestic sites. LW referred to current replacement of data recorders with AMR whereby consumer's consent had to be obtained; if there was no response to communications consent was deemed to have been given,

and when the equipment was fitted it was signed for by the consumer. xoserve was getting terminations, particularly from elderly consumers (?).

SM asked if the majority of the missing examples sat in a predominantly I & C market. JM commented that existing data recorders were being lost or were malfunctioning, in both cases resulting in loss of data.

SM asked if MAMs were removing recorders because there was no record of an MPU agreement being in place?

GE pointed out that a Shipper was not there to actively market this programme to the customer and perhaps put its customer relationship in jeopardy; a customer would want some benefit, such as a discount. It needed to be understood why so many refusals were made.

SM believed that all that was needed was consent for information to flow to someone else from the AMR equipment already installed. Bi lateral agreements could be entered into to provide the Transporter with the appropriate data and a potential legacy history. This would be a more efficient way through purchasing. The current approach will inevitably end in varying degrees of failure, as there is no obvious benefit to the customer.

CW asked again what Shippers might consider doing to assist in ameliorating the current position. SM suggested that a customer benefit might be the cessation of meter visits, as the consumer would not have to provide a resource to give access to the site. Perhaps Shippers and Transporters could jointly approach sites with an AMR solution.

Responding to a question from GE, CW confirmed that funding was through the price control, the Transporters do not get the money as it is part of the Opex costs, and no matter how much is spent it cannot be recovered from Shippers.

SM asked if details of sites and the criteria used to make the choice could be provided so that these could be checked to see if they already had AMR installed.

JF reported that there was an ongoing project to increase the numbers of Northern Gas Network's appropriate sites, and she would provide an update on responses to this programme.

KW believed there was a similar issue in the electricity industry.

CW said that he would reflect on the feedback from the meeting and would welcome any further suggestions to obtain the core data required. He then asked that this be raised as a formal Workstream topic, with a high priority.

New Action Dis0704: Workstream members to consider potential short term solutions for resolving the shortfall in NDM profiling data.

4.2. Code Governance Review – draft Proposals update

BV gave a presentation outlining the background to the suite of Modification Proposals (0318 – 0325), which had now been formally raised as a result of the work and recommendations from Review Group 0267. These will be discussed at the Governance Workstream, and presented to the August UNC Modification Panel, with a view to proceeding directly to consultation.

BF added that they had been discussed at the previous Governance Workstream and revised to reflect feedback received. BV confirmed the 'alternate' was the one which had been subject to most revision. An

alternate Modification Proposal can be raised at any point up to consultation. In the event that a Proposal does not attract a Workstream Report and is issued directly to industry consultation there is no opportunity to submit an alternative Proposal. If an alternate were contemplated at any point then it would be prudent to contact the Joint Office of Gas Transporters or the UNC Modification Panel at the earliest possible opportunity so that the process can be reassessed. It was pointed out that in the future all Proposals/papers would have to be provided at least 8 clear Business Days before the Panel meeting.

There were no further questions.

4.3. ROM for 0272

LW presented the ROM for Modification 0272, reporting that the development of the solution indicated costs of circa £14k – £19k; each report would cost circa £1k - £1,800; the development timescale was likely to be 20 – 26 weeks.

SL questioned whether xoserve had considered the recovery of costs. Would these be incurred at the time of delivery of the report, or prior to this? LW was unable to confirm the view at this time.

SL added that it was likely that EDF was going to raise a further Modification Proposal on this, following internal discussions.

5. Diary Planning for Workstream

Thursday 26 August 2010, 10:00, Elexon, 350 Euston Road, London

Thursday 23 September 2010, 10:00, Elexon, 350 Euston Road, London

Thursday 28 October 2010, 10:00, 31 Homer Road, Solihull

Thursday 25 November 2010, 10:00, Elexon, 350 Euston Road, London

Distribution Workstream Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
Dis0501	27/05/10	2.3	UNC0292/3 - Identify whether AQ Review system validation parameters can be released to indicate why amendments are passed for manual investigation.	xoserve (AM)	Completed
Dis0502	27/05/10	2.3	UNC0292/3 - Provide data on numbers passing and failing various AQ Review validation tests, and a profile of when amendments are received	xoserve (AM)	Completed
Dis0503	27/05/10	2.4	Amend Proposals 0292 and 0293 in light of Workstream discussion.	ScottishPower (KK)	Carried Forward
Dis0504	27/05/10	2.5	Amend Proposal 0296 in light of Workstream discussion.	British Gas (DW)	Completed
Dis0601	08/06/10	1.2	UNC0292/3 Shippers to provide xoserve the number of MPRNs likely to be submitted for an AQ amendment as soon as possible by the end of July 2010.	All Shippers	Carried Forward
Dis0601a	22/07/10	1.2	xoserve undertake a further extrapolation of the possible AQ amendment demand data provided and provide an appropriate anonymous breakdown of the data. However, contact the relevant Shippers before publishing their information.	xoserve (LW)	Pending
Dis0602	08/06/10	3.1	Transporters to consider and clarify how they are going to apply the tendering process.	Transporters	Completed
Dis0602a	22/07/10	1.2	Provide an interim update on the development of the AUG criteria for publication on the Joint Office website.	National Grid Distribution (CW)	Pending
Dis0603	24/06/10	2.1	UNC 0292/3 - xoserve to review the AQ Amendment validation filters and consideration given to refining the parameters/rules and the impact this would have.	xoserve (LW)	Carried Forward

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
Dis0604	24/06/10	2.1	UNC 0292/3 - xoserve to provide some examples of rejected AQ Amendments.	xoserve (LW)	Completed
Dis0605	24/06/10	2.3	UNC 0296 - Consideration to be given on the use of a Contemplating definition	All	Carried Forward
Dis0606	24/06/10	2.3	UNC 0296 - consideration to be given on the potential controls for the access to the data.	All	Carried Forward
Dis0607	24/06/10	2.3	UNC 0296 - update the proposal to reflect discussions	British Gas (DW)	Carried Forward
Dis0608	24/06/10	2.5	UNC 0313 - Transporters to provide a timeline for scenarios 1,2 & 3	Transporters	Carried Forward
Dis0609	24/06/10	2.5	UNC 0313 - provide their view on how they anticipated the charges process working once UNC 0229 had been implemented	Ofgem (AW)	Completed
Dis0610	24/06/10	2.5	UNC 0313 - update the proposal to reflect discussions during the workstream	British Gas (DW)	Carried Forward
Dis0611	24/06/10	3.2	Topic 0045Dis - Update to be provided by WWU on the handling of Emergency situations at priority customer sites.	WWU (ST)	Carried Forward
Dis0612	24/06/10	3.4	Topic 0047Dis - SL to identify possible options for reducing the current transfer timescales.	EDF Energy (SL)	Carried Forward
Dis0613	24/06/10	3.5	Topic 0048Dis - Shippers to provide consumption data for prepayment portfolios to xoserve	Shippers	Carried Forward
Dis0614	24/06/10	3.5	Topic 0048Dis - xoserve to examine prepayment consumption data and use this to work out an EUC profile and identify any potential costs and benefits of having separate Domestic EUCs	xoserve (LW)	Carried Forward

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
Dis0615	24/06/10	3.6.2	Topic 0050Dis - Transporters to identify the number of interruptible sites that could become DMV	Transporters	Carried Forward
Dis0701	22/07/10	2.4	UNC0313 - provide clarification for calculating the charges and billing arrangements appropriate to option 2.	British Gas (KW)	Pending
Dis0702	22/07/10	2.5	Provide a legal view on the restriction of the types of recipients of the data items listed in the proposal and seek a legal view on the provision of information under Section V5.5.3. Including sanctions or remedies for breach of the conditions.	Wales & West Utilities (ST)	Pending
Dis0703	22/07/10	2.5	Circulate proposed questions to Gazproms legal team for comment by the workstream.	Gazprom (SM)	Completed
Dis0704	22/07/10	4.1	Consider potential short term solutions for resolving the shortfall in NDM profiling data.	All	Pending