

## Distribution Workstream Minutes

### Friday 03 December 2010

### By Teleconference

#### Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Alan Raper	(AR)	National Grid Distribution
Beverley Viney	(BV)	National Grid NTS
Cesar Coelho	(CC)	Ofgem
Chris Warner	(CW)	National Grid Distribution
David Watson	(DW)	British Gas
Elaine Carr	(EC)	ScottishPower
Joseph Lloyd	(JL)	xoserve
Joel Martin	(JM)	Scotia Gas Networks
Jonathan Wisdom	(JW)	RWE npower
Karen Kennedy	(KK)	Scottish Power
Mark Jones	(MJ)	SSE
Mo Rezvanie	(MR)	SSE
Sallyann Blackett	(SB)	E.ON UK
Simon Geen	(SG)	National Grid NTS
Simon Trivella	(ST)	Wales & West Utilities
Stefan Leedham	(SL)	EDF Energy
Tim Davis	(TD)	Joint Office

#### 1. Introduction and Status Review

##### 1.1. Minutes from the previous meeting

The minutes of the previous meeting were approved.

##### 1.2. Review of action from previous meetings

**Action Dis0808:** 0045Dis, Handling of Emergency Situations at Priority Customer Sites – Provide a statement of the actions/approach to be taken by Transporters when attending commercial sites that should be considered a priority.

**Action Update:** To be reviewed 21 December. **Carried Forward.**

**Action Dis0907:** UNC0330 - All to provide further comments/ suggestions to MR by 07 October 2010 for consideration/inclusion in the Proposal; MR to revise Proposal as appropriate.

**Action Update:** MR confirmed some comments had been received and amendments had been made. **Closed.**

**Action Dis0908:** UNC0331 - Review the suggested text and make sure it mirrors the changes proposed, with a view to completing the draft Report at next month's meeting.

**Action Update:** SB confirmed this had been completed. **Closed.**

**Action Dis1103:** UNC0292 - xoserve and Transporters (LW/CW/JF) to prepare a high-level guidance document that outlines how parties would

approach undertaking consideration and calculation of their respective limits (caps).

**Action Update:** Considered on agenda (see below). **Carried Forward.**

**Action Dis1106:** UNC0335 - National Grid NTS (AL) to present the cashflows associated across the shrinkage lifecycle, both with and without an error having occurred.

**Action Update:** To be reviewed 21 December. **Carried Forward.**

**Action Dis1107:** UNC0282 - xoserve (LW) to clarify whether the implementation could be shortened if the cost were increased.

**Action Update:** To be reviewed 21 December. **Carried Forward.**

**Action Dis1108:** 0047Dis - Transporters to consider the impacts of implementing option 8.

**Action Update:** To be reviewed 21 December. **Carried Forward.**

**Action Dis1109:** 0052Dis - National Grid (CW) to report on the approach to dealing with illegitimately connected sites that were either safe or unsafe, and whether a commercial disconnection service might be provided.

**Action Update:** To be reviewed 21 December. **Carried Forward.**

**Action Dis 1110:** Shippers to identify any barriers to 29 April 2011 being a non-business day

**Action Update:** To be reviewed 21 December. **Carried Forward.**

## 2. Modification Proposals

*Copies of all materials are available at: [www.gasgovernance.co.uk/dist/031210](http://www.gasgovernance.co.uk/dist/031210).*

### 2.1. Proposal 0330 - Delivery of additional analysis and derivation of Seasonal normal weather

MR outlined the comments he had received from CW, who emphasised that the key was ensuring that the Proposal was sufficiently clear to enable the production of legal text. MR proposed some changes to deliver this, which were supported by the Workstream. CC agreed that clarity as to what is proposed was important and asked when the legal text would be available.

#### **Action Dis1201: UNC0330 - BF to clarify when legal text is expected to be available**

BV questioned whether references to Transporters were intended to include NTS, which MR believed was appropriate. SB pointed out that NTS had been keen to ensure they were included in references within Proposal 0331, and she would therefore be surprised if NTS did not similarly wish to avoid being excluded. SG confirmed that NTS saw benefit in being involved in areas that can impact the whole industry and there is an overlap of interests. BV indicated that she would wish to consider this further. MR confirmed that his intention was to proceed on the basis of all Transporters being included.

MR drew attention to the potential routes for contracting for the envisaged work, which would be an obligation on the Transporters although they may wish to use xoserve as a contractual vehicle. AR suggested that an obligation to contract within another contract was inappropriate, especially if named service providers were included – reasonable endeavours to procure would be feasible, but not an obligation to procure. Shippers were

unwilling to accept any reference to only endeavouring - it was clear the work could be done and that acceptable contractual conditions had been agreed by the Transporters and at least one potential provider. DW suggested adopting the caveats in the legal text for 0229 might be a way forward. MR concluded that he was not willing to amend the Proposal, but CW and AR suggested that a reference to best endeavours would be helpful simply to deal with unanticipated circumstances. MR emphasised that he remains open to any alternative means for achieving the desired outcome.

SG questioned what would happen if multiple service providers were to respond to an open tender, bearing in mind that the Proposal is silent on this. MR suggested that DESC and any expert group could assist the Transporters in selecting an appropriate tender.

CC indicated that, in considering the benefits of implementation, Ofgem would need to take into account that there is no obligation for the information to be used. As such, there could be expenditure on the data but no change to the outcome and so no benefit. SB and MR suggested that the benefit would be that the analysis would be available to validate the approach being used. If the conclusion were that no change is justified, this would still be of value.

The Relevant Objectives section of the Workstream Report was also debated and completed on-screen.

Subject to MR making the amendments discussed, the Workstream approved the Report for submission to the Panel. This would recommend that the Proposal be issued to consultation and that legal text should be prepared for inclusion in the draft Modification Report. ST pointed out that this might be transitional text despite not being end dated, as would be normal within the Transition Document.

**Action Dis1202: UNC0330 - MR to amend Proposal to reflect Workstream discussion**

**2.2. Proposal 0331 - Demand Estimation Section H Changes to Processes and Responsibilities**

SB outlined the changes made to the Proposal, which set out the areas of Section H that were expected to be impacted. JM indicated that he had received some feedback from the lawyers drafting the text for the Proposal and suggested that a meeting with SB would be helpful to ensure the text could accurately reflect the intent of the Proposal. For example, JM questioned the status of the Expert Group and whether it should be defined as representatives of DESC rather than a sub-committee of a sub-committee.

SB confirmed to JM that the intent was for various requirements of UNC Section H to effectively be migrated to the supporting document such that the Expert Group would decide whether the existing methodology is appropriate or an alternative – with the key being to give the Expert Group scope to decide the methodology to follow as opposed to being constrained by what is in the UNC. JM was unclear about the status of the supporting document – for example, whether it was a UNC Related Document or a Guidance Document – and what would be included within it. SB felt that this would not be the methodology itself but rather the terms of reference and process to be followed. SB added that the process followed would continue to be included in the document that is already produced annually explaining, in the Appendices, what has been applied.

The Expert Group would be able to use this as a reference point from which to require any change of approach to be applied.

CC asked when the supporting document would be produced, and SB suggested that this would not be at this stage. CC felt further clarity was needed to ensure the process was complete.

It was suggested that the suggested legal review meeting and development of the supporting document might be valuable prior to completing the Workstream Report. SG suggested this could include ensuring the prevailing methodology is captured and recorded, although SB felt the Proposal and existing processes provided sufficient measures to deliver the required clarity and auditability.

**Action Dis1203: JM and SB to review Proposal 0331 to ensure legal text can be produced**

In light of the proposed meeting, completion of the Workstream Report was deferred.

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

KK outlined the changes made to the Proposal. CC suggested that the Proposal should set out what the Guidance Document should include. KK suggested she would need to speak to xoserve about what they would regard as necessary, but she envisaged it would focus on the process if the number of amendments received from any User exceeds the relevant quota and how any spare capacity might be used.

CW asked whether this would be a formal document or be informal – it could, for example, sit within the UK Link Manual. SL suggested the USRV document provided a model. CW was concerned that this could add to the timescales if a formal document had to be written before the Proposal could proceed.

TD suggested that, in the interests of time, the Proposal could indicate that xoserve may produce a guidance document that deals with issues such as spare capacity. Shippers accepted that an informal process could be appropriate if this would bring forward the implementation date, but that a formal Guidance Document subject to UNC governance and change processes was preferable.

CC suggested that dealing with how spare capacity would be allocated was potentially fundamental to the progression of the Proposal and that Ofgem would wish to take any Guidance Document into account, such that it would need to be produced prior to a decision being taken.

DW concluded that, in light of the discussion, British Gas would not be willing to support a Proposal unless the treatment of spare capacity is clearly established as a UNC obligation and subject to a formal change process.

SL noted that decisions might need to be taken on systems development prior to the Ofgem decision being received. This could lead to subsequent difficulties, as well as abortive costs, if the Proposal is not implemented. In light of this, it was suggested that it would be helpful to receive an early decision from Ofgem.

The Workstream report was then completed on screen and the Workstream agreed to recommend that the Proposals should proceed to Consultation.

**3. Topics**

**3.1. New Topics**

None

**4. AOB**

None

**5. Diary Planning for Workstream**

The next meetings are scheduled as follows:

Tuesday 21 December 2010, 10:00, 31 Homer Road, Solihull, B91 3LT

Thursday 27 January 2011, 10:30, 31 Homer Road, Solihull, B91 3LT

Thursday 24 February 2011, 10:00, Elexon, 350 Euston Road, London NW1 3AW

### Distribution Workstream Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
Dis0808	26/08/10	3.1	0045Dis, Handling of Emergency Situations at Priority Customer Sites – Provide a statement of the actions/approach to be taken by Transporters when attending commercial that should be considered a priority.	Wales & West Utilities (ST)	Carried forward
Dis0907	23/09/10	2.6	UNC0330 - All to provide further comments/ suggestions to MR by 07 October 2010 for consideration/inclusion in the Proposal; MR to revise Proposal as appropriate.	ALL and SSE (MR)	Closed
Dis0908	23/09/10	2.7	UNC0331 - Review the suggested text and make sure it mirrors the changes proposed, with a view to completing the draft Report at next month's meeting.	E.ON (SB) and SGN (JM)	Closed
Dis1103	12/11/10	2.3	UNC0292 - Prepare a high-level guidance document that outlines how parties would approach undertaking consideration and calculation of their respective limits (caps).	xoserve & Transporters (LW/CW/JF)	Carried forward
Dis1106	25/11/10	2.1	UNC0335 - Present the cashflows associated across the shrinkage lifecycle, both with and without an error having occurred	National Grid NTS (AL)	Presentation due 21 December
Dis1107	25/11/10	2.2	UNC0282 - Clarify whether 0282 implementation could be shortened if the cost were increased	xoserve (LW)	Pending
Dis1108	25/11/10	3.3	Dis0047 - Consider the impacts of implementing option 8.	Transporters (All)	Pending
Dis1109	25/11/10	3.8	0052Dis -Report on the approach to dealing with illegitimately connected sites that were either safe or unsafe, and whether a commercial disconnection service might be provided	National Grid (CW)	Pending

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<b>Action Ref</b>	<b>Meeting Date</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Owner</b>	<b>Status Update</b>
Dis1110	25/11/10	4.0	Identify any barriers to 29 April 2011 being a non-business day	Shippers	Pending
Dis1201	03/12/10	2.1	UNC0330 – clarify when legal text is expected to be available	JO (BF)	Pending
Dis1202	03/12/10	2.1	UNC0330 - amend Proposal to reflect Workstream discussion	SSE (MR)	Due by 8 December
Dis1203	03/12/10	2.2	UNC 0331: review Proposal to ensure legal text can be produced	SGN (JM) & EON (SB)	Pending