

Minutes of Review Group 0329

Review of Industry Charging and Contractual Arrangements – DM Supply Point Offtake Rates (shqs) and DM Supply Point Capacity (soqs)

Wednesday 20 April 2011

via teleconference

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Chris Warner	(CW)	National Grid Distribution
Joanna Ferguson	(JF)	Northern Gas Networks
Joel Martin	(JM)	Scotia Gas Networks
Jonathan Wisdom	(JW)	RWE npower
Simon Trivella	(ST)	Wales & West Utilities

1. Introduction and Status Review

Copies of all materials are at: <http://www.gasgovernance.co.uk/0329/200411>.

1.1. Minutes from previous meeting

The minutes from the previous meeting were approved.

1.2. Review of actions from previous meetings

Action 0329/006: JM to assess the feasibility of producing SHQ usage reports on all DM sites to the relevant Shippers.

Update: JM advised that these were in the process of internal approval and were to be issued to relevant Shippers soon. **Carried Forward**

Action 0329/007: Transporters to write to Shippers to address SHQs that are currently out of sync.

Update: Related to and dependent on 006 above, JM advised that he is awaiting information before proceeding. **Carried Forward**

Action RG0329/009: Scotia Gas Network (JM) to prepare a draft modification to introduce a SHQ review process.

Update: A draft modification had been prepared and was awaiting internal sign off prior to discussion at a Review Group meeting. **Carried Forward**

Action RG0329/010: DNs (ST) to present a possible way forward on the SOQ reduction process.

Update: ST reported that this was still under consideration and some options were being developed relating to capacity commitments; potential system implications were being studied. **Carried Forward**

2. Consideration of decreasing DM SHQ/SOQ and removal of bottom-stop restrictions

Responding to Action RG0329/010, ST confirmed that an all year round window was under consideration, with reduction to any level as long as capacity had been held for 12 months. In essence, a User nominates SOQ, adheres to the 12 month period, then is able to reduce/increase. Existing ratchet rules would remain in place. Increases could be made at any time of the year, and a decrease would have to satisfy the 12 month commitment criterion. It was recognised that an SOQ fluctuated throughout the year and the ability to reduce to what was actually required was beneficial from the point of view of network planning. It may be that an 18 month or even 2 year holding period might be more appropriate and this could be debated at a future meeting. Views on how this might work would be welcomed from Shippers, and this is to be discussed in more detail at the next meeting (18 May 2011).

3. Consideration of draft UNC modification proposal(s)

Responding to Action RG0329/009, JM gave an overview of the background to the draft modification proposal that was looking to establish an annual SHQ review process, and a brief verbal outline of the main points.

There were two parts to the modification, concentrating on the existing UNC obligations on Users who apply for a revised offtake rate when aware of changes in a site's consumption, and putting in place an annual review process between Transporters and Users. These would be captured in the Business Rules. The annual review process would entail Transporters producing a report on each Shipper's individual DM Supply Point's actual hourly consumption across the winter period. A report would be provided to each relevant Shipper by the end of April each year. JW observed that a lot of contract activity took place around October at present, so April seemed a good time to capture most renewals and changes. The provision and review of the report may need to align with Shippers' discussions with end users.

Responding to a question from CW, JM indicated that DME and DMV would be out of the equation to some extent, unless a site's sensitivity to the network is considered material, but this was not 'set in stone'.

The report provided would specify certain data items, for example the highest hourly consumption throughout the previous gas year's winter, site details such as MPRN etc, an indication of whether an increase would potentially require reinforcement to the network depending on the projected revision of consumption. This would enable the Shipper to consider the impact of requesting an upward revision earlier in the process and would inform dialogue with the end user (a Transporter may still reject the request following actual analysis).

The Shipper would receive the report and discuss the details with the end user, and then the Shipper would provide a report to the Transporter in response to the Transporter's initial data within 3 calendar months. Each DM Supply Point will have an original report; where deviations to the data occur, reasons should be provided to highlight to the Transporter where consumption may be substantially lower than the signalled offtake rate (eg site has changed function,

machinery/process removal, etc). The Transporter may then have more confidence that consumption may be more accurate for the following winter.

JW indicated that he would like to review proposed timescales internally and map against the current process, but so far it sounded appropriate.

CW asked how would Shippers be incentivised to provide reciprocal information in response to the initial report.

JM reiterated that the aim was to improve discussions and interactions between Shippers and Transporters to amend SOQs; it would be the intention to initially produce a 2012 report based on winter 2011/12 data.

The modification still required internal sign off, and JM would endeavour to publish it before the next meeting.

4. Draft Review Group Report

Deferred to next meeting.

5. Any Other Business

None raised.

6. Diary Planning for Review Group

It was agreed that the next meeting would take place via teleconference commencing at 09:30 on Wednesday 18 May 2011.

Review Group 0329 Action Log

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
RG0329 0006	23/11/10	2.	JM to assess the feasibility of producing SHQ usage reports on all DM sites for the relevant Shippers.	Scotia Gas Networks (JM)	Carried forward
RG0329 0007	23/11/10	2.	Transporters to write to Shippers to address SHQs that are currently out of sync.	Transporters	Carried forward
RG0329 0009	14/02/11	2.1	Prepare a draft modification to introduce a SHQ review process.	SGN (JM)	To be published by 18 May 2011.
RG0329 0010	14/02/11	3.	Present a possible way forward on the SOQ reduction process.	DNs (ST)	To be published by 10 May 2011.