

DN Charging Methodology Forum
Minutes
Monday 16 May 2011
ENA, 52 Horseferry Road, London SW1P 2AF

Attendees

Tim Davis (Chair)	(TD)	Joint Office
Bob Fletcher (Secretary)	(LD)	Joint Office
Andy Manning	(AM)	British Gas
Bernard Kellas	(BK)	SSE
Chris Warner	(CW)	National Grid Distribution
Clare Cattle-Jones	(CC)	ENA
Denis Aitchison	(DA)	Scotia Gas Networks
Gareth Evans	(GE)	Waters Wye
James Stone	(JS)	E.ON UK
Joanna Ferguson	(JF)	Northern Gas Networks
Joel Martin	(JM)	Scotia Gas Networks
John Edwards	(JE)	Wales & West Utilities
Julia Haughey	(JH)	EDF Energy
Malcolm Piper	(MP)	EDF Energy
Neil Johnson	(NJ)	RWE npower
Simon Trivella	(ST)	Wales & West Utilities
Steve Armstrong	(SA)	National Grid Distribution
Will Guest	(WG)	Northern Gas Networks

1. Introduction and Explanation of Forum Operation

Copies of all papers are available at. www.gasgovernance.co.uk/dncmf/160511

TD welcomed attendees to the DN Charging Methodology Forum.

2. Review of Minutes and Actions

The minutes of the previous meeting were approved.

Actions

DN0401: DNs to identify the most practical means for increasing the proportion of revenue collected during the winter months.

Update: DA advised that the DNs had not completed this action. They would bring views to discussions regarding Modification 0383, Profiling payment of LDZ transportation charges

Carried Forward

DN0402: Add to the 0186 Reports what has been assumed for SOQs.

Update: The DNs confirmed that this had been completed.

Closed

3. Issues

3.1 Capacity/Commodity Split

DA advised that the DNs consider that the split based on 95/5 was the most cost reflective option and so meets the requirements of licence conditions. The move to 95:5 from 50:50 had followed a consultation process and had not been vetoed by Ofgem. The DNs did not consider any further analysis was necessary to demonstrate this – the case for 95:5 had been made and accepted.

4. Modifications

Shippers confirmed they had no further questions regarding the charging methodology changes which are due to be implemented.

5. Workgroups

5.1 Workgroup 0368

The minutes for Workgroup 0368 can be found at www.gasgovernance.co.uk/0368/160511.

6. Any other business

Modification 0186 Report Structure

AM provided an update on how the Modification 0186 reports compared to the electricity model – he explained each of the main price control allowance terms are extracted from the licence and are presented by the electricity network operators. The main advantage is that price changes are self evident and easy to understand as individual items are listed, with the inclusion of commentary alongside each item increasing clarity. The provision of ranges for the more uncertain items was also highlighted, and provided useful information regarding items that are less predictable over the regulatory period.

All Shippers present considered this format was preferable to the gas industry practice.

TD asked if Distribution Networks would have any difficulty in providing reports this way. JE felt there were advantages and could not foresee any major issues with adopting this practice. However, DA advised that there may need to be further consideration within their individual businesses in case they were concerns about inappropriate release of financial/commercially sensitive information. It would be helpful to see a draft of the revised format prior to supporting this as a change to current practice.

SA asked what provides the most help - is it the detail or the range of possible changes. JH felt all the information was of help for supporting discussion within their businesses.

ST suggested the DNs produce a proforma for review. JF was supportive, although emphasising it would need senior sign off within each company to ensure sensitive information was not provided by mistake. SA considered timing might be an issue as the current price control draws to a close soon and

therefore it may be prudent to wait until discussion were completed since the licence structure, and consequently what was to be reported, may be substantially different.

New Action DN05/01: Distribution Networks to provide a draft 0186 proforma for discussion at the next meeting and consider if the UNC would require modifying to reflect he changed format.

7. Diary Planning for Workgroup

Details of planned meetings are available at: www.gasgovernance.co.uk/Diary

Attendees agreed to meet again on 28 June 2011.

Suggested agenda items for future DNCFM meetings would be welcome.

DN Charging Methodology Forum Action Log: 13 April 2011

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
DN 0401	13/04/11	2.0	Identify the most practical means for increasing the proportion of revenue collected during the winter months	All DNs	Carried Forward
DN 0402	13/04/11	4.1.1	Add to the 0186 Reports what has been assumed for SOQs.	SGN (JP/DA)	Closed
DN 0501	16/05/11	6.0	Provide a draft 0186 proforma for discussion at the next meeting and consider if the UNC would require modifying to reflect the changed format	DNs	Pending