

Workgroup 0383 – Profiling payment of LDZ transportation charges

Workgroup Minutes

Thursday 09 June 2011

via teleconference

Attendees

Tim Davis (Chair)	(TD)	Joint Office
Mike Berrisford (Secretary)	(MB)	Joint Office
Alison Chamberlain	(AC)	National Grid Distribution
Alex Ross	(AR)	Northern Gas Networks
Bill Bullen	(BB)	Utilita
Chris Warner	(CW)	National Grid Distribution
Helen Inwood	(HI)	RWE npower
Joanna Ferguson	(JF)	Northern Gas Networks
John Edwards	(JE)	Wales & West Utilities
Mandip Grewal	(MG)	Northern Gas Networks
Sarah Carter	(SC)	GTC
Simon Trivella	(ST)	Wales & West Utilities
Steve Armstrong	(SA)	National Grid Distribution
Sue Davies	(SD)	Wales & West Utilities
Will Guest	(WG)	Northern Gas Networks
Zoe Rivers	(ZR)	RWE npower

1. Introduction and Explanation of Workgroup Operation

TD welcomed all to the meeting.

2. Outline of Modification

BB provided a brief explanation of the modification, the aim being to ameliorate summer cash flow issues for domestic suppliers. Unlike modification 0382, this has no charging methodology (and associated licence obligations) implications as it can be implemented while leaving the charging regime as-is.

3. Consider Terms of Reference

TD outlined the Terms of Reference.

4. Initial Discussion

Workgroup discussions highlighted a number of issues that may need to be considered as part of the modification's assessment and reflected in the Workgroup Report and/or an amended modification:

- the decision to implement the present 95:5 capacity / commodity split did not allow for seasonal impacts upon cash flow;
- the adverse impact on competition as a result of the cash flow impacts;
- encouraging LSP Shipper input to the assessment process;
- the implications of extending the scope to include all, rather than just smaller, Shippers, including the consequences for implementation timelines;

- the implications of higher winter exposure and consequently higher credit cover requirements
- the appropriate implementation date (avoiding upfront payments if implemented at start of Summer);
- identifying potential UK Link implications, especially if coverage is restricted;
- consideration of adoption of possible deferred/offset invoice payment arrangements (*e.g. pay 25% of invoice value during June/July/August and the remaining 75% from October through to March*);
- the potential to increase amounts at risk if a Shipper fails, balanced against the potential to reduce the risk of failure;
- whether to target at a shipper, rather than portfolio, level;
- impacts upon small Transporters (including iGTs);

To take the modification forward, the following actions were agreed.

Action 0601: DNs to identify the most practical means for increasing the proportion of revenue collected during the winter months (DNCFM action 0401).

Action 0602: Northern Gas Networks (JF) to consider impacts to payment terms and invoicing requirements.

5. Diary Planning for Workgroup

The next Workgroup meeting will be on 28 June, at National Grid, 31 Homer Road, Solihull B91 3LT.

Action Log

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
WG0383 06/01	09/06/11	2.	DNs to identify the most practical means for increasing the proportion of revenue collected during the winter months (DNCMF action 0401).	Transporters	Update due for 28/06/11
WG0383 06/02	09/06/11	2.	Consider impacts to payment terms and invoicing requirements	Northern Gas Networks (JF)	Update due for 28/06/11