
UNC Distribution Workgroup Minutes
Thursday 28 July 2011
at 31 Homer Road, Solihull, B91 3LT

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Beverley Viney	(BV)	National Grid NTS
Brian Durber	(BD)	E.ON UK
Cesar Coelho	(CC)	Ofgem
Chris Hill	(CH)	first:utility
Chris Warner	(CW)	National Grid Distribution
David Watson	(DW)	British Gas
Gareth Evans	(GE)	Waters Wye Associates
George Glenn	(GG)	Scottish Power
Joanna Ferguson	(JF)	Northern Gas Networks
Joel Martin	(JM)	Scotia Gas Networks
Jonathan Wisdom	(JW)	RWE npower
Karen Kennedy	(KK)	Scottish Power
Linda Whitcroft	(LW)	Xoserve
Lisa Harris	(LH)	Shell
Mark Jones	(MJ)	SSE
Simon Trivella	(ST)	Wales & West Utilities
Steve Mulinganie	(SM)	Gazprom

Copies of all papers are available at www.gasgovernance.co.uk/dist/280711.

1. Introduction and Status Review

1.1. Minutes from the previous meeting(s)

The Minutes from the previous meeting held in July were accepted.

1.2. Review of actions from previous meeting(s)

Dis0808: ISS 0018 - 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.

Update: ST reported that a response would be provided at 25/08 meeting. Item deferred. **Carried forward.**

1.3. Modifications with Ofgem

CC gave an update on the progress of Modification decisions still outstanding.

Impact Assessments were being conducted on Modifications 0277 and 0231 and responses would be considered alongside 0346. IAs would be published in August. An update would be provided in August or September.

2. Modifications

2.1. 0335 – Offtake Metering Error – Payment Timescales

JW reported that he was waiting feedback from RWE npower's legal team and hoped to be in a position to formally review the text at the Distribution Workgroup on August. SM suggested that a commentary be provided, as the text appeared complex and JM noted this. The Workgroup agreed to consider the text at short notice if necessary; further discussion on 0335 will be deferred to the August meeting.

Post Meeting Note: JM advised that the text was unlikely to be ready until late August and 0335 has been deferred to the Distribution Workgroup on 25 August.

2.2 0353 - Population and Maintenance of the Market Sector Code within the Supply Point Register

ST advised that the implementation date was likely to be 01 October 2011 to give parties time to prepare. The position will be discussed again at the UNC Modification Panel but in the meantime any views on this would be welcomed.

Concern was expressed that the communications /reports etc should go to the right contacts and it was suggested that these were checked in advance. ST noted this.

3. Workgroups

The following Workgroup meetings took place:

3.1. 0375 – To Provide Users with a choice as to how their Unsecured Credit Limit is determined in line with UNC TPD Section V3.1.7

Documentation related to this Workgroup is published at:

www.gasgovernance.co.uk/0375

3.2. 0378 - Greater Transparency over AQ Appeal Performance

Documentation related to this Workgroup is published at:

www.gasgovernance.co.uk/0378

3.3. 0379/0379A - Provision for an AQ Review Audit

Documentation related to this Workgroup is published at:

www.gasgovernance.co.uk/0379

3.4. 0387 – Removal of Anonymity from Annual Quantity Appeal and Amendments Reports

BF referred back to the comments made in the discussion under Workgroup 0378.

The terms of Reference had been published and comments were invited.

DW stated that he was going to amend the modification so that the proposed November implementation would no longer be a driver. CW will then review and redraft the legal text.

3.5. 0388 – Fixed parameters for determining Shipper contribution to Unidentified Gas

A teleconference had been arranged for Friday 05 August 2011 at 10:00 to progress this modification with the aim of completing the Workgroup Report. The Terms of Reference together with the draft Workgroup Report had been published on the Joint Office website and comments were invited.

GE outlined the intent of the modification and explained the rationale for seeking change. As the proposer believed it was unable to hedge its position in certain areas it was looking to stabilise and reduce the variability of pass through charges.

DW requested that the cost(s) associated with the risks for the SSP sector is quantified; all risk was currently on the SSP sector. Concerns were expressed that certainty was being sought at the expense of accuracy. JW commented that GE's explanation had given a fair representation of the risk faced by the LSP section but not of the risk to the SSP market. SL asked why this could not be hedged against, and GE explained in more depth the effects on Total and why the modification had been raised, in short there were no products available to allow them to hedge for this risk. Reference was made to pass through contracts and the cost of reconciling and continual adjustment. SL was unable to work out why this approach should be needed; there were other options open to Total, just as there were for other Shippers.

The figures provided in the Solution were discussed in an effort to clarify the position. JW referred to risk management products and believed that reconciliation should be possible. ST asked why the average for SAP was straight and not weighted by volume?

GE had discussed implementation with Xoserve, and the view was that if this modification was implemented by November it would cost the industry less than having to do it in a year's time due to system work currently in progress. ST believed there was no incremental cost on what was currently being done. LW pointed out that 0229 was to be implemented in April 2012, so the solution would need to be developed fairly soon.

SL was not comfortable with the speed at which this was being approached, and pointed out that 0229 had been decided 18 months ago – this modification could have been raised earlier. He thought that other risk management measures could be developed by Total in the same way other Shippers are doing.

Asked why SAP had been chosen, GE responded because it was an available reference price.

JW believed it did not have to be a volume based risk and could be hedged in different ways in the wholesale market. BD added that there was a very wide range of risk management tools available and this was in effect making it 'free'. JW remarked that reconciling pass through contracts was not an arduous task. A view could be taken of SAP, an amount added and fixed to the customer.

The divergence of views became more apparent throughout the discussion and members were concerned that the expressions of different opinions should be captured in the Workgroup Report at the next meeting.

4. Issues

4.1. ISS 018, Handling of Emergency Situations at Priority Customer Sites

Consideration was given to the prospect of closing this issue. ST reminded members that he had provided a statement at a previous meeting, which explained the actions a Transporter would take, bearing in mind that individual DNs might handle situations slightly differently depending on circumstances. To lock this down into a fixed procedure may actually result in a less effective process than that which currently exists on a more informal level. Further statements will not necessarily resolve the perceived issue. It may potentially be looked at under PEMS or something similar? CW suggested that GE phrase a specific question for the DNs to consider.

The view was a PEMS solution is likely to be outside the UNC and subject to bilateral arrangements.

ST reiterated that the common aims were that as few people as possible visit a site, that the customer is back on gas as soon as possible and costs are kept to a minimum.

It was agreed to keep this Issue on the agenda/log.

4.2. ISS 0020, Third Energy Package

CC reported that a first draft had now gone before Parliament for consideration and, noting the previous concerns regarding lack of visibility, provided the link to a copy of the draft regulations to transpose the Third Package into domestic legislation, which were laid in Parliament recently: <http://www.legislation.gov.uk/ukdsi?title=the%20electricity%20and%20gas%20%28internal%20markets%29%20regulations%202011>.

BD was contemplating raising a modification. Members agreed that this issue should be discussed as the first item at the 07 September meeting.

4.3. New Issues

None raised.

5. Any Other Business

5.1 Interruption Regime

Under the old Interruption regime when new connections required reinforcement over a considerable period of time there was the opportunity to offer Interruptible status to the site until the reinforcement was completed. The new arrangements do not really facilitate this approach, and JM was considering raising a modification to reinstate some of this flexibility. ST confirmed that the contract would be for a set period of time.

Views were invited. Members believed it to be a good idea and suggested adding this as a New Issue.

6. Diary Planning

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

Future Workgroup meetings are scheduled as follows:

- Friday 05 August 2011, 10:00, via teleconference (single issue meeting – Workgroup 0388)
- Monday 15 August 2011, 10.00, 31 Homer Road, Solihull, B91 3LT
- Thursday 25 August 2011, 10:00, Elexon, 350 Euston Road, London NW1 3AW
- Wednesday 07 September 2011, 10.00, 31 Homer Road, Solihull, B91 3LT
- Thursday 22 September 2011, 10:00, Elexon, 350 Euston Road, London NW1 3AW
- Monday 10 October 2011, 10.00, 31 Homer Road, Solihull, B91 3LT
- Thursday 27 October 2011, 10:30, 31 Homer Road, Solihull, B91 3LT
- Thursday 24 Nov 2011, 10:00, Elexon, 350 Euston Road, London NW1 3AW

UNC Distribution Workgroup - Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
Dis0808	26/08/10	3.1	ISS 0018, 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.	Wales & West Utilities (ST)	Carried forward