

UNC Workgroup 0403 Minutes
EU Third Package: 21 day switching with flexible objection
period

Monday 05 December 2011
at 31 Homer Road, Solihull, B91 3LT

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Helen Cuin (Secretary)	(HC)	Joint Office
Alan Raper	(AR)	National Grid Distribution
Alison Jennings	(AJe)	Xoserve
Anne Jackson	(AJa)	SSE
Chris Warner	(CW)	National Grid Distribution
David Addison	(DA)	Xoserve
Ed Hunter	(EH)	RWE npower
Erika Melén	(EM)	Scotia Gas Networks
Gareth Evans	(GE)	Waterswye
Graham Wood	(GW)	British Gas
Karen Kennedy	(KK)	Scottish Power
Linda Whitcroft	(LW)	Xoserve
Lorna Lewin	(LL)	Shell
Mark Jones	(MJ)	SSE
Steve Mulinganie	(SM)	Gazprom

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0403/051211>

1.0 Review of Minutes and Actions

1.1 Minutes

The minutes of the previous meeting were approved.

1.2 Actions

003: Consider implications of second New Year Holiday being a standard business day.

Update: KK confirmed that the second New Year holiday would create an issue for Scottish Power. AJa confirmed this would not cause a problem for SSE as they normally operate on the second New Year Holiday. AJe explained that the SPA processes would be affected and any files provided to Scottish Power would not be worked on that day. The Workgroup discussed conformance. It was not the intention of SSE to amend the modification at this stage; Scottish Power confirmed they would seek clarification whether their intention would be to work on the second New Year Holiday should the modification be implemented.
Closed.

003b: Scottish Power to confirm if there is any intention to operate on the second New Year Holiday.

2.0 Discussion

AJa explained the recent amendments to the modification. She confirmed Ofgem had indicated the modification ought to be User Pays. BF referred to the 26 September 2011 Workgroup 0396 Quote: "*Ofgem had indicated "that it would be most appropriate for this modification to be funded through the User Pays mechanism on the basis that provision was not specifically made for this expenditure under the current price control. This is supported by the arguments set out in the Gas Distribution Price Control Final Proposals Decision Document published in December 2007 (see page 97)*

<http://www.ofgem.gov.uk/Networks/GasDistr/GDPCR7-13/Documents1/final%20proposals.pdf>."

The Workgroup was uncertain if the modification should be User Pays. It was believed that the change should not be User Pays as the change was driven by licence and not by a User electing to implement the process.

It was agreed to seek a formal view from Ofgem at the next Panel meeting on how Modifications 0396 and 0403 should be funded.

Action 004: CW to request a formal view from Ofgem at the 15 December Panel meeting regarding the funding arrangements:

How does Ofgem consider these modifications should be funded if implemented?

The Workgroup understands the need for Modifications 0396 and 0403, as they are driven by European Regulations. Two options appear to be available for funding as follows:

1. *User Pays mechanism;*
2. *Cost pass through by use of GT licence Special Condition E3.*

It would be helpful if Ofgem could provide a preference and the reasons why. If option 1 is preferred, do Ofgem have any views on how the costs should be shared across the industry?

BF requested the provision of the Legal Text. CW confirmed that legal text had been provided to the SSE for consideration. AJa confirmed that SSE had reviewed the Legal Text and hopefully it would be made available for the 22 December 2011, for consideration and completion of the Workgroup Report

Action 005: National Grid Distribution to provide the Legal Text for consideration within the Workgroup Report.

The draft Workgroup Report was considered and some amendments made to add further clarity.

3.0 Consider Terms of Reference

No further comments were received on the Terms of Reference.

4.0 Any Other Business

None raised.

5.0 Diary Planning for Review Group

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

The next meeting of the Workgroup will take place within the business proceedings of the Distribution Workgroup, on Thursday 22 December 2011, at 31 Homer Road, Solihull, B91 3LT.

ACTION LOG – UNC Workgroup 0403

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
003	24/11/11	2.0	Consider implications of second New Year Holiday being a standard business day.	All	Complete.
004	05/12/11	2.0	CW to request a formal view from Ofgem at the 15 December Panel meeting regarding the funding arrangements:	National Grid Distribution (CW)	Pending
005	05/12/11	2.0	National Grid to provide the Legal Text for consideration within the Workgroup Report.	National Grid Distribution (CW)	Pending