

UNC Workgroup 0404 Minutes
Profiling payment of LDZ capacity transportation charges for
Small Shipper Organisations
Thursday 26 January 2012
at 31 Homer Road, Solihull, B90 1LF

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Helen Cuin (Secretary)	(HC)	Joint Office
Alex Ross	(AR)	Northern Gas Networks
Andy Clasper	(AC)	National Grid Distribution
Andrew Green	(AG)	Total
Andrew Margan	(AM)	British Gas
Alison Jennings	(AJ)	National Grid Distribution
Brian Durber	(BD)	E.ON UK
Chris Warner	(CW)	National Grid Distribution
David Addison	(DA)	Xoserve
Edward Hunter	(EH)	RWE npower
Emma Smith	(ES)	Xoserve
Erika Melén	(EM)	Scotia Gas Networks
Gareth Evans	(GE)	Waterswye
Linda Whitcroft	(LW)	Xoserve
Marie Clarke	(MC)	Scottish Power
Mark Jones	(MJ)	SSE
Sue Davies	(SD)	Wales & West Utilities
Steve Mulinganie	(SM)	Gazprom
Sue Prosser	(SP)	Xoserve
Tabish Khan	(TK)	Ofgem

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0404/260112>

1. Review of Minutes and Actions**1.1 Minutes**

The minutes of the previous meeting were accepted.

1.2 Actions

001: Establish the maximum exposure with 100% take-up of the proposed arrangements

Update: DNOs had previously agreed to establish the national picture for exposure based on a worst case scenario. EM advised that SGN can only provide information for their networks and that information had been provided to Xoserve so that they could collate the national picture. GE challenged why a £0.5million code credit limit was used, he also questioned the limit to small supply points. SD explained an assumption had been made that if a company has a credit limit of £0.5million it was felt that they should be able to afford to fund their own credit arrangements without relying on the Transporters. SD

explained that the £0.5million was an estimated value and is open for discussion. The Workgroup discussed the potential discrimination that may result in setting limits or by applying a commercial judgement and in particular for those companies which fall outside the proposed arrangements. AM questioned if are any licence or UNC provisions which prevents a Shipper making a bilateral commercial arrangement with the Transporter(s). It was agreed to leave the action open as more information was required on the potential level of take up from Shippers. **Carried Forward.**

003: Smaller Shippers to be approached and encouraged to provide view on the modification.

Update: SM confirmed that this had been put forward to Smaller Shippers forum to encourage their participation, he reported that there has been no immediate response to the modification. **Complete**

004: Ofgem to provide a view of on undue discrimination.

Update: TK confirmed that Ofgem were currently unable to provided an early view on the potential undue discrimination issue but would assess each modification on a case-by-case basis. **Closed**

005: Ofgem to provide a view on the funding by the remaining participants funding if a shipper goes bust.

Update: TK confirmed that Ofgem would assess each modification on a case-by-case basis. **Closed**

006: DNs to consider the modification costs and administration funding.

Update: Pending business rules. **Carried Forward**

2. Discussion

SM challenged the real benefit of the modification and there any support in the industry or Workgroup to progress development. He challenged the existence of the modification and whether the modification ought to be withdrawn.

Ofgem did not support withdrawal of the modification at this time. SD challenged the need for a modification if the process could be undertaken on an individual case-by-case basis through commercial arrangements. However, TK was concerned about equal treatment of parties if the provisions were excluded in the UNC.

It was agreed to contact smaller shippers and suppliers to encourage their views on the modification.

New Action 007: Gazprom to request feedback on the modification from the Smaller Supplier Forum.

New Action 008: Ofgem to seek feedback from the Proposer (Bill Bullen, Utilita) of Modification 0383 - Profiling payment of LDZ transportation charges.

3. Any Other Business

None raised.

4. 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:

Friday 10 February 2012, by teleconference

Thursday 23 February 2012, Elexon, 350 Euston Road, London NW1 3AW.

Workgroup – Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0001	24/11/11	3.0	Establish the maximum exposure with 100% take-up of the proposed arrangements	All DNs	Carried Forward
0003	22/12/11	2.0	Smaller Shippers to be approached and encouraged to provide view on the modification.	SGN (JM) & Ofgem (TK)	Complete
0004	22/12/11	2.0	Ofgem to provide a view of on undue discrimination	Ofgem (TK)	Closed
0005	22/12/11	2.0	Ofgem to provide a view on the funding by the remaining participants funding if a shipper goes bust.	Ofgem (TK)	Closed
0006	22/12/11	2.0	DNs to consider the modification costs and administration funding.	All DNs	Carried Forward
0007	26/01/12	2.0	Gazprom to request feedback on the modification from the Smaller Supplier Forum.	Gazprom (SM)	Pending
0007	26/01/12	2.0	Ofgem to seek feedback from the Proposer (Bill Bullen, Utilita) of Modification 0383 - Profiling payment of LDZ transportation charges.	Ofgem (TK)	Pending