

UNC Workgroup 0410 Minutes
Responsibility for gas off-taken at Unregistered Sites following
New Network Connections
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
Anne Jackson*	(AJa)	SSE
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

*teleconference

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0410/260112>

1.0 Outline of Modification and initial discussion

AG introduced the modification, explaining its background and intent. He believed that when a Shipper asks for a MRPN to be created they should be responsible for any gas usage at the site. However, if the MRPN is not requested by the Shipper, then the Transporter should be responsible for any gas offtaken. AG wanted accountability for actions in the market where parties fail to act appropriately. GE concurred that the party who allows the gas to be offtaken should be responsible for costs.

2.0 Discussion

CW was sympathetic but challenged how Transporters would be responsible for the payment of gas when they are neutral to energy costs. AG believed there would be a process for the recovery of costs and that Transporters should already have a process for invoicing theft of gas, which could be adapted.

AG explained that gas can't flow until a meter is connected but control is needed over the connection of a meter in the absence of a supply contract.

CW confirmed that the industry is currently considering how MRPNs are created and the related timing issues. He explained that the early creation of MRPNs is done in the interest of competition in the connections and metering market. However, he supported a review of the process as there maybe times when they are issued too early in the process. It was suggested that the MPRN should be created once a meter has been requested and a Gas Supplier involved.

CW believed there was much broader picture, he explained that services can be installed by UIPs, and C&D notices should be provided when the meter installed – an MPRN is required. CW suggested where a supplier is involved there needs to be obligations on the potential offtake of gas.

BD asked where there is upstream theft, is this allocated through Transporter Shrinkage. He asked if the offtake of gas where a shipper has not instigated the installation of a meter, could be treated the same as Shrinkage.

GE explained that the UNC is clear in that gas should not be offtaken unless you have a supplier and this mirrors obligations in the Gas Act.

SM agreed with earlier discussions that if a supplier asks to create a MPRN they should be on the hook, as suppliers will build into their process a contract and process.

BD asked if gas is offtaken will it be treated as upstream theft managed through the Shrinkage process and recovered through RbD, or Transportation Charges. AG questioned the recovery of cost ultimately being smeared to shippers.

New Action 0001: National Grid to consider the recovery process and treatment of theft through the Shrinkage process. CW What happens to energy now.

GE questioned if the creation of the MPRN is the time to do this from, and asked if there were any other trigger points. CW felt the significant date is when a supplier commissions the installation of meters.

AJ highlighted that the issue of offtaking gas is created by the ability to take gas when a meter is fitted. She believed that the creation of a reference number does not allow the flow of gas on its own. CW confirmed that when a service is installed it is fitted with an Emergency Control Valve (ECV), the ability to offtake gas is unlikely until a meter is fitted. It was recognised that customers can instigate a meter fit using a competent person, they do not need to involve a Supplier. SM believed if a meter is fitted without a supplier being involved and gas offtaken, this should be classed as upstream theft.

The Workgroup agreed considered any potential discriminatory factors should a gas supply contract need to be in place to allow the installation of a meter.

GE believed if Transporters were liable for the costs of gas offtaken by sites where a service is fitted and an MPRN is created, this would drive the incentive to control the issuing of MRPNs and service installations. He believed the industry does not have an issue having a meter installed on site as long as gas is not offtaken in terms of unallocated gas and the AUGE process.

New Action 0002: GE to set out why MPRN is the better trigger/mechanism.

GE asked about the treatment of these sites and how they are managed in terms of Shrinkage (classified as theft), he suggested that the Workgroup needs to consider any double counting.

New Action 0003: All to consider alternative mechanisms to using the MRPN as the trigger point.

3.0 Consider Terms of Reference

The Workgroup considered and amended the Terms of Reference to include and understand the potential impacts, the associated codes of practise, the reallocation of costs and whether the MRPN is the best trigger point.

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

Thursday 22 March 2012, Elexon, 350 Euston Road, London NW1 3AW.

Thursday 26 April 2012, 31 Homer Road, Solihull, B91 3LT

Thursday 24 May 2012, Elexon, 350 Euston Road, London NW1 3AW.

Workgroup – Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0001	27/01/12	2.0	National Grid to consider the recovery process and treatment of connections through the Shrinkage process. CW What happens to energy now.	National Grid (CW)	Pending
0002	27/01/12	2.0	GE to set out why MPRN is the better trigger/mechanism.	Waterswye (GE)	Pending
0002	27/01/12	2.0	All to consider alternative mechanisms to using the MRPN as the trigger point.	All	Pending