

## UNC Workgroup 0421 (0379A) Minutes Provision for an AQ Review Audit

**Thursday 24 May 2012**

**at ENA, 52 Horseferry Road, London SW1P 2AF**

### Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Alan Raper	(AR)	National Grid Distribution
Alex Ross*	(ARo)	Northern Gas Networks
Alison Jennings	(AJ)	Xoserve
Andrew Green	(AG)	Total
Andrew Margan	(AM)	British Gas
Brian Durber	(BD)	E.ON UK
Cesar Coelho	(CC)	Ofgem
Chris Warner	(CW)	National Grid Distribution
David Addison	(DA)	Xoserve
Edward Hunter	(EH)	RWE npower
Elaine Carr	(EC)	ScottishPower
Erika Melèn	(EM)	Scotia Gas Networks
Harpal Bansal	(HB)	Ofgem
Lisa Waters*	(LW)	WatersWye
Lorna Lewin	(LL)	DONG Energy
Marie Clarke	(MC)	Scottish Power
Mark Jones	(MJ)	SSE
Richard Street	(RS)	Corona Energy
Stefan Leedham	(SL)	EDF Energy
Steve Mulinganie	(SM)	Gazprom
Tim Davis	(TD)	Joint Office

\* *by teleconference*

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0421/240512>

### 1. Review of Minutes and Actions

#### 1.1 Minutes

DA requested that Action 0402 refer to read performance. MC had understood that Action 0403 was on British Gas rather than ScottishPower. The minutes of the previous meeting were then accepted.

#### 1.2 Actions

**0303:** Xoserve (AJe) to ascertain meter read performance in the context of 0379A and the proposed threshold.

**Update:** DA noted that the information had been provided at the previous meeting, but information on rejections had been sought. A snapshot showed that 8.56% of readings submitted are rejected. **Closed**

**0401:** Shippers to provide reasons why AQ are not calculating for LSPs.

**Update:** It was agreed that this had been discussed and specific information could be given directly to Ofgem. **Closed**

**0402:** Xoserve to provide read performance of AQ calculations anonymously by Shipper.

**Update:** DA indicated that data on read performance has been prepared using the same anonymity as for the Modification 0081 reports. Shippers indicated that this would be inappropriate since it is likely to be possible to deduce the Shippers involved. **Closed**

**0403:** Scottish Power to ensure the 85% AQ target can be achieved considering UNC obligation to provide reads.

**Update:** MC confirmed that Scottish Power can achieve this, and suggested others should check their own position as ScottishPower were unable to do this on their behalf. **Closed**

## 2. Workgroup Report

MC ran through the changes made to the modification.

HB questioned the role of the voluntary audit and the rationale behind it. MC explained it was to be voluntary rather than mandatory since smaller shippers may need assistance and the intention is to provide a helping hand. HB suggested further rationale is needed to justify this approach. MC confirmed that Shippers could appoint consultants themselves, but the aim was to provide voluntary help. RS added that, provided this did not create adverse impacts, it might meet the relevant objectives by moving in the appropriate direction. AM suggested that his concern would be that those who are underperforming might choose not to accept the audit, and it was this voluntary aspect that concerns him. BD added that the lack of specific criteria could be regarded as a weakness in this context. MC clarified that a Guidelines document has been produced in support of the modification. RS agreed with BD but, while choice was allowed, he did not see this as a particular problem, with the existence of a framework to demonstrate appropriate behaviour being potentially valuable.

HB asked why the audit performance reports would be passed to Ofgem. What Ofgem action was expected? MC thought Ofgem would welcome more information and assurance that the market is operating correctly. RS suggested that the incentives could be changed to encourage an audit to be undertaken, for example removing charges from under-performing Shippers. MC said that a performance assurance framework would be welcome and valuable, but this modification was intended as a step in the right direction. SL agreed that this should be regarded as an interim step to deliver an element of assurance ahead of the rollout of smart metering with a review in, say, 6 years time.

RS remained unclear that sufficient thought had been given to the behaviours which the modification is seeking to drive and what behaviours would actually be induced. He felt, for example, that the targets may drive people to focus on the smallest, lowest value sites. By contrast, MC felt that UNC obligations should be met and the readings should be available. This is not about targeting bigger or smaller sites but simply hitting the existing obligations. BD mused that this may be an area where audit is relatively easy if focussing on the very specific issue of measured meter read performance.

HB repeated that Ofgem want to understand the rationale and justification for a voluntary audit and an explanation of the value of the data, whether provided to Ofgem or the industry. He also questioned whether it is fair for Shippers that don't achieve the 85% target to pay for the costs of the scheme. RS felt this is a harsh incentive and is

why inappropriate incentives are potentially generated – Shippers might all focus on getting to an 85.1% performance rate. MC was hopeful that nobody would fall below the threshold since this would be a welcome performance improvement.

It was noted that finalised legal text was not available for review. BF therefore proposed holding a teleconference at 1500 on 6 June to conclude the Workgroup Report. Those present agreed to consider an amended modification, legal text and Workgroup Report at short notice.

**3. Any Other Business**

None raised.

**4. Diary Planning for Workgroup**

It was agreed to meet by teleconference at 1500 on Wednesday 6 June.

**Workgroup 0421 (0397A) – Action Table**

<b>Action Ref</b>	<b>Meeting Date</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Owner</b>	<b>Status Update</b>
0303	22/03/12	2	Xoserve to ascertain meter read performance in the context of 0379A and the proposed threshold	Xoserve (AJe)	Complete
0401	26/04/12	2	Shippers to provide reasons why AQ are not calculating for LSPs.	Shippers	Closed
0402	26/04/12	2	Xoserve to provide performance of AQ calculations anonymously by Shipper	Xoserve	Closed
0403	26/04/12	2	Scottish Power to ensure the 85% AQ target can be achieved considering UNC obligation to provide reads.	Scottish Power (MC)	Closed