

UNC Workgroup 0450 Minutes
Monthly revision of erroneous SSP AQs outside the User AQ
Review Period

Thursday 26 September 2013

Energy Networks Association, 52 Horseferry Road, London SW1P 2AF

Attendees

Tim Davis (Chair)	(TD)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Alan Raper	(AR)	National Grid Distribution
Alex Ross-Shaw	(ARS)	Northern Gas Networks
Andrew Margan	(AM)	British Gas
Chris Hill	(CH)	Cornwall Energy
Chris Warner	(CW)	National Grid Distribution
Colette Baldwin	(CB)	E.ON UK
David Addison	(DA)	Xoserve
David Corby*	(DC)	National Grid NTS
David Mitchell	(DM)	Scotia Gas Networks
Edward Hunter	(EH)	RWE npower
Erika Melen	(EM)	Scotia Gas Networks
Gareth Evans	(GE)	Waters Wye
Hilary Chapman	(HCh)	Xoserve
Huw Comerford	(HC)	Utilita
Lorna Lewin	(LL)	DONG Energy
Mark Jones	(MJ)	SSE
Rob Cameron-Higgs	(RCH)	first:utility
Tom Breckwoldt	(TB)	Gazprom

**via teleconference*

Copies of all papers are available at: www.gasgovernance.co.uk/0450/260913

The Workgroup Report is due to the UNC Modification Panel on 19 December 2013.

1.0 Review of Minutes and Actions from previous meeting

1.1. Minutes

The minutes of the previous meeting were accepted.

1.2. Actions

None outstanding.

2.0 Discussion

Following the previous Workgroup meeting two alternate modifications (0450A and 0450B) were submitted to the September Modification Panel, and both were sent to this Workgroup for assessment, with the reporting date extended to 19 December 2013.

2.1 Modification 0450

RCH confirmed that he did not foresee any changes being made to this modification. CW encouraged all to review the draft legal text, which had been provided to the Joint Office shortly before the meeting.

GE raised concerns that the progress of the original modification would be further delayed. DA confirmed that, if approved, the modification would become effective from October 2014. Given a six to nine month systems development time, any slippage may mean this implementation date cannot be achieved.

DA outlined the differences between Modifications 0450A and 0450B and the effects these would individually have on Xoserve's ability to develop the eventual solution and establish the costs.

2.2 Modification 0450A (raised by British Gas)

AM outlined the background to Modification 0450A and its objective to reinstate the original intent of Modification 0450, which it was perceived had mutated in development.

Modification 0450 proposed to use the available Xoserve capability to allow erroneous AQs to be amended outside the established AQ Review period. British Gas believe that if all Shippers use such a mechanism to the same degree, the outcome would be unchanged - all portfolios will be adjusted proportionately. British Gas therefore proposed an alternate approach whereby only the AQs of newly acquired customers can be appealed. AM suggested that system changes should be discussed further to ascertain how an appeal could be raised without a renomination.

DA indicated that currently there were three means of amending an AQ and this modification may introduce a fourth way, and it was important to understand the implications and any associated costs. DA then explained the three existing methods. This modification proposes an ad hoc AQ change without using the mechanism that makes it effective and this sounds like a fourth way. ROM costs would have to be reassessed and, to do this, finalised Business Rules would be required.

GE again reiterated his concerns that the introduction of two alternates at this stage will increase the timescales of the modification process without the amendments adding any real value. DA observed that fundamental changes in AQ amendments require close consideration; it is not as simple as it sounds, and Xoserve and the Proposer will discuss further offline.

It was noted that the modification contained square brackets; AM confirmed that these could be removed.

2.3 Modification 0450B (raised by Gazprom)

TB outlined the intent of the modification. Gazprom is proposing a limit of 200 – the only difference to 0450 is this number, and Gazprom believed this was more beneficial for smaller parties. For example, if a Shipper has 50 supply points then it receives an appeal quota of 50; if it has 51 then it would receive 200. Appropriate quotas were discussed. The 'Big Six' could end up with proportionately more, over and above the baseline, because of the number of SSPs.

CH commented that the current situation disproportionately affects smaller suppliers and explained how. SSPs cannot be amended all year round and this inflexibility needs changing before Nexus launches. Assuming Nexus is brought in on time, he pointed out that in a diminishing timeframe, the longer it takes to develop a sensible solution the less value it will have.

3.0 Legal Text and Workgroup Report

Legal text will be reviewed at the next meeting, and it is anticipated that the Workgroup Report will be completed and will expect to include an indication of the variations in costs between the three modifications.

4.0 Any Other Business

None.

5.0 Diary Planning

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

The next meeting will take place within the Distribution Workgroup on Thursday 24 October 2013 at Consort House, 6 Homer Road, Solihull B91 3QQ.