

**UNC Workgroup 0571 0571A Minutes**  
**Application of Ratchet Charges to Class 1 Supply Points (and**  
**Class 2 with an AQ above 73,200kWhs)**  
**Thursday 27 October 2016**  
**at Energy UK, Charles House, 5-11 Regent Street, London SW1Y 4LR**

**Attendees**

Bob Fletcher (Chair)	(BF)	Joint Office
Mike Berrisford (Secretary)	(MB)	Joint Office
Andrew Margan*	(AM)	British Gas
Andy Clasper	(AC)	National Grid Distribution
Carl Whitehouse	(CW)	First Utility
Colette Baldwin	(CB)	E.ON Energy
David Mitchell	(DM)	Scotia Gas Networks
Debbie Mullinganie*	(DMu)	BP
Fraiser Mathieson	(FM)	Scotia Gas Networks
Gavin Anderson*	(GA)	EDF Energy
Huw Comerford	(HC)	Utilita
John Welch	(JW)	npower
Jon Dixon	(JD)	Ofgem
Lorna Lewin	(LL)	DONG Energy
Mark Jones	(MJ)	SSE
Nicola Garland	(NG)	Ofgem
Patricia Parker*	(PP)	Utiligroup
Rachel Hinsley	(RH)	Xoserve
Richard Pomroy*	(RP)	Wales & West Utilities
Sean Hayward	(SH)	Ofgem
Shanna Key	(SK)	Northern Gas Networks
Steven Britton	(SB)	Cornwall Energy
Steve Mullinganie	(SM)	Gazprom
Tricia Quinn*	(TQ)	Ofgem

\* *via teleconference*

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0571/271016>

**1. Introduction and Status Review****1.1. Approval of Minutes (22 September 2016)**

The minutes of the previous meeting were approved.

**2. Consideration of Amended Modification(s)***Modification 0571A*

CB explained that she has considered the threshold aspects discussed previously and remains happy that the modification as written, is 'fit for purpose'.

When asked whether or not the modification addresses the discriminatory concerns discussed previously, CB explained that the threshold chosen, is based on that set out in the thermal energy regulations in terms of applying standard correction factors in respect

of size (i.e. <73,200kWhs) and how she believes that primary legislation is adhered to under Modification 0571A. SM then suggested it could be potentially deemed as being discriminatory as the cut off does not demonstrate a level of risk to the network as proposed, whereas Modification 0571 removes the incentive charge risk for all but the largest customers.

SM went on to indicate that he believes that a further delay in progressing these modifications would not be beneficial and notes that Ofgem would be able to consider whether or not their concerns have been suitably addressed when making their decision(s).

Whilst CB reiterated the rationale behind her modification, FM advised that whilst he thinks that the solution proposed by 0571A is palatable, he would be unable to support any change to the current regime, as he believes that there might be some potential safety case implications involved (including subsequent systems related impacts by the suppression of ratchet charges etc.) – this was a view strongly opposed by some participants in attendance on the grounds that there must be a process in place to suppress ratchets charges as not all found to be valid. BF referenced the previous Xoserve outstanding action 0702 spreadsheet.

BF suggested that the key question relates to whether either (or both) modification(s) is / are implementable in their respective current forms – based on the discussions, it would appear that the majority of the Workgroup are accepting that they are. However, changes to central systems would be User Pays and he suggested that a ROM is provided to demonstrate this view.

Whilst acknowledging the opposing views on the matter, SM remained keen to see both modifications progress further and suggested that parties would be able to voice their concerns within their responses to the formal consultation.

In considering whether or not the User Pays status of the modifications was still applicable, especially when bearing in mind the need for workaround supporting processes, RH made reference to the ratchets presentation provided by Xoserve at the 25 August meeting within which it clearly states the post Project Nexus Implementation Date (PNID) ratchets aspects.

When asked, RH confirmed that her colleague S Nunnington had provided a verbal cost estimate (circa £100k or less) at a previous meeting and then pointed out that in the absence of a formal request for a Rough Order of Magnitude (ROM), she had no further cost information available at this time.

**New Action 1001: Xoserve (RH) to provide a Rough Order of Magnitude for Modifications 0571 0571A in time for consideration at the 24 November Workgroup meeting.**

When BF suggested that the Proposers should look to consider how costs would be apportioned and whether or not they would wish to amend their respective modifications in light of the User Pays discussions, SM advised that he would not be looking to amend 0571. CB then advised that she would be amending 0571A in response to comments received, but this would not be including changes to the User Pays section.

When asked about when the 'soft landing' system changes would be invoked, RH advised this would take place 12 months after a switch to Class 2 products, and takes the form of an enduring solution using a system parameter which would need to be changed should one of these modifications be implemented.

**New Action 1002: Xoserve (RH) to provide evidence of any potential system constraint impacts in time for consideration at the 24 November Workgroup meeting.**

*Modification 0571A*

There were no additional discussions relating to this modification at this time.

### 3. Consideration of legal text

Consideration deferred.

### 4. Development of Workgroup Report (due to Panel 15 December 2016)

Consideration deferred.

### 5. Review of Outstanding Actions

There were no outstanding actions to consider at the meeting.

### 6. Any Other Business

None.

### 7. Next Steps

It was agreed to look to consider any amended modifications (especially User Pays status changes), legal text, a Rough Order of Magnitude and development / completion of the Workgroup Report at the November Workgroup meeting.

### 8. Diary Planning

Further details of planned meetings are available at: [www.gasgovernance.co.uk/Diary](http://www.gasgovernance.co.uk/Diary)

Distribution Workgroup meetings will take place as follows:

Time/Date	Venue	Workgroup Programme
10:30 Thursday 24 November 2016	Consort House, 6 Homer Road, Solihull B91 3QQ	<ul style="list-style-type: none"> <li>• Standard Agenda items               <ul style="list-style-type: none"> <li>○ Consideration of amended modification (inc. UP status change)</li> <li>○ Consideration of legal text</li> <li>○ Consideration of the ROM</li> <li>○ Development / completion of Workgroup Report</li> </ul> </li> </ul>

### Action Table (27 October 2016)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
1001	27/10/16	2.	To provide a Rough Order of Magnitude for Modifications 0571 0571A in time for consideration at the 24 November Workgroup meeting.	Xoserve (RH)	<b>Pending</b>
1002	27/10/16	2.	To provide evidence of any potential system constraint impacts in time for consideration at the 24 November Workgroup meeting.	Xoserve (RH)	<b>Pending</b>