

GAS CUSTOMER FORUM MINUTES
Monday 10 July 2006
National Grid, 51 Homer Road, Solihull

Attendees

Tim Davis	(Chair)	(TD)	Joint Office of Gas Transporters
Mike Berrisford	(Secretary)	(MB)	Joint Office of Gas Transporters
Alex Spreadbury		(AS)	B&Q
Bali Dohel		(BD)	Scotia Gas Networks
Chris Lewis		(CL)	CLL
David Woolgar		(DW)	Society of British Gas Industries
Eddie Proffitt		(EP)	Major Energy Users Council
Helen Bray		(HB)	Chemical Industries Association
Ian Dobson		(ID)	CIPS
Jane Facci		(JF)	The Energy Consortium
John O'Grady		(JO)	Northern Gas Networks
Kerri Matthews		(KM)	National Grid
Liz Spierling		(LS)	Wales and West Utilities
Nigel Sisman		(NS)	National Grid
Robert Spears		(RS)	Utility Consumers Consortium
Steve Nunnington		(SN)	xoserve

Apologies

Margaret Hunter	(MH)	Scotia Gas Networks
Marcus Stewart	(MS)	National Grid

1. Introduction

- 1.1 TD gave an introduction, including the National Grid Emergency Evacuation arrangements.
- 1.2 Minutes of the meeting held on 24 April 2006 were accepted.
- 1.3 All outstanding action items were closed apart from GCF015 for which J O'Grady advised that discussions are ongoing.

Actions GCF006 to 014: Closed.
Action GCF015: Carried Forward.

2. Presentations

2.1 DN Interruption Reform (L Spierling)

LS presented the DN proposals on Interruption reform, which will be progressed as UNC Modification 0090 "Revised DN Interruption Arrangements" (the presentation and Modification Proposal are available at www.gasgovernance.com).

Members expressed their concern about the contractual chain, Transporter/Shipper/Supplier/Consumer, which could be a barrier to participation. Members enquired about 'indifferent' Shippers and how these will be catered for. LS reminded members that the new arrangements would not apply until 2010, and sites not selected to provide interruptible services would then switch to firm status. Members suggested that this was a real issue and needs better publicising. LS advised that the DNs will be monitoring the 'take up' closely to identify any issues. Members went on to suggest that the proposals would incentivise customers to go to supportive Suppliers, and this could be construed as being anti-competitive.

Members queried the 100% reference contained within the Discounts by Location (Zone) slide. LS said it is 100% of Exit Capacity Charges and this element would be part of the ongoing discussions surrounding pricing.

Members suggested that the proposals could be viewed as the perfect tool to enable the DNs to over invest in the Networks. LS emphasised that Ofgem would not want to see this and will be monitoring matters in regard to Licence obligations.

Members expressed concern that Ofgem is driving the DNs to deliver this new interruption regime without clear and accurate data and furthermore, without asking them what is needed and that this allows the DNs to 'have their cake and eat it'. The CIA response to Ofgem was cited as a good example of the issues which customers perceive and which they hoped would be taken into account.

Members raised concerns regarding prevailing rights for DN interruption and asked if this is considered within UNC modification 0090 - to which LS replied it is not. They then asked if an impact assessment would be completed, which LS believed would be the case and undertook to confirm with Ofgem.

TD invited consumer involvement in the proposed Modification Proposal 0090 Development Work Group, which will meet twice monthly, starting on 3rd August 2006. HB offered to attend.

TD asked LS about when the timetable for Charging Methodology charges. LS agreed to check and report back.

Action GCF016: MB to issue a copy of UNC Modification 0090 with the minutes.

Action GCF017: LS to check if Ofgem planned to undertake an Impact Assessment.

Action GCF018: LS to provide an updated version of the presentation for issue with the minutes.

Action GCF019: MB to ensure DN Interruption Reform is on the September 2006 GCF Agenda.

2.2 AQ Review (S Nunnington)

SN presented on behalf of xoserve (the presentation is available at www.gasgovernance.com).

Members suggested that the onus should be on xoserve to challenge their AQ numbers – the present approach is entirely the wrong way round. SN reiterated the current approach is enshrined in the UNC and that is necessarily how xoserve apply it. If Shippers or consumers wish to change this, then someone should raise a UNC Modification Proposal. TD asked if any Transporter would consider raising such a Proposal, and they agreed to return to the September GCF with their response.

SN explained that the AQ calculation is not based upon a gas year, but rather twelve months from a given point in May. SN agreed to consider issuing a notification regarding when the AQ calculations take place.

Members asked what constitutes a valid read. SN advised that the system will accept figures if they match the meter for which they are taken and that the onus is on Shippers to provide accurate data. Should the system reject a read but the Shipper subsequently confirms that it is accurate, the read will be utilised. Members enquired if threshold crossover applied to both DM and NDM, to which SN advised NDM only.

Members asked what weather factors are based on and pointed out that there appear to be various interpretations surrounding what constitutes normal. SN said that the AQ definition was consistent with that established by DESC (Demand Estimation Sub Committee).

Members suggested that problems exist whereby a customer read may not get back to a Supplier, or the Supplier may choose not to utilise it. SN explained xoserve makes every effort to be proactive in managing the process, and keeps Ofgem informed of any concerns. Members suggested that the speculative calculator should be made available on the xoserve web site, but SN advised members that it is a UK Link tool only.

Action GCF020: Transporters to consider the appropriateness of customers, rather than xoserve, owning AQs.

Action GCF021: SN to consider issuing the base date from which AQs are calculated.

2.3 Wales & West Utilities – The First Year (L Spierling)

LS presented on behalf of Wales and West Utilities (the presentation is available at www.gasgovernance.com).

LS advised that WWU is looking to provide its own Control Room within the next two years, being operational by 2008 and fully independent in 2009. Members asked about the anticipated benefits and risks associated with this initiative, which other DNs were also following. Both LS and JO responded that costs could be saved by 'owning' their own control room and that risks can be mitigated by the DN having direct management of their respective network to the benefit of their customers. Members said that National Grid had previously done the reverse, arguing that centralising control centres provided cost savings. LS and JO said NG was consolidating its four DNs.

Members voiced concern about security of supply if utilisation of linepack changed. LS emphasised that security of supply would not be compromised.

Members enquired if statistics demonstrate an improvement in post-sale standards of service. LS was unsure of exact figures exist, but WWU's standards of service report reflects that a high level of service has been delivered. JO advised members that Ofgem publish Standard of Service performance. He also pointed out that Ofgem publish a Quarterly Customer Survey. No issues were raised when TD enquired if any member had a specific concern with WWU's performance.

LS pointed out that up to 50% of all new housing work is undertaken by iGT's and that WWU are working with Ofgem looking into the costs associated with network extensions. Members were reminded that consumers, as part of the DN sales, argued that the iGT's should be within the UNC, but that this was viewed as too difficult. It was suggested a question be put to Ofgem on their view of getting iGTs covered by the UNC. TD stated that the iGT's are looking to develop their own UNC.

Action GCF022: MB to seek an Ofgem view on the iGTs being bound by the UNC.

2.4 Transmission Issues – NTS Update (N Sisman)

NS presented on behalf of National Grid (the presentation is available at www.gasgovernance.com).

Members were advised that a Pricing Consultation document will be issued next month to cover the issues progressed within TCMF (Transmission charging methodology Forum). Indicative NTS entry and exit capacity charges based on the new approach are available on the NG web site.

Members voiced concerns over the process and timeframe for exit reform and asked whether they should wait until the next set of price control documentation is released rather than study the latest Ofgem publication. NS stressed that, from a consumers point of view, it would be wise not to wait and that they should keep on top of matters right now.

NS advised members that he has concerns that EOWG are still meeting however, he went onto the slide and thanked respondents for their contributions in response to the 2006/07 Winter Consultation, and advised that a summary document is due soon. TD and NS pointed out that feedback from the GCF members regarding Demand Side Response would be welcomed and valued.

NS updated members on recent operational issues which had created significant capacity buy-back costs. Members enquired if there would be any impact upon the NBP prices - NS responded that he did not know.

Members enquired about UNC Modification Proposal 0088 "Extension of DM service to enable Consumer Demand Side Management". TD advised them that a Work Group has been established to develop rules for dealing Automated Meter Reading (AMR) reads and suggested that a consumer representative within the Work Group would be welcome. Members agreed that a presentation on this would be of interest.

3. Modification Proposals

3.1 Review of UNC Modification Proposals (T Davis)

TD highlighted that the UNC Modification Proposals that he expected to be of greatest interest to the GCF, specifically:

0006(0727)	"3 rd Party Proposal : Publication of Near Real Time Data at UK sub-terminals", and
0086	"Introduction of Gas Demand Management Reserve Arrangements",
0088	"Extension of DM service to enable Consumer Demand Side Management", and
0090	"Revised DN Interruption Arrangements",

had already been covered during the meeting

4. Customer Issues

4.1 DNO Update

JO provided an update on NGN's Mains Repair Contract advising members that they are moving to a 'Partner Approach' (UUOL with M^cAlpine & Morgan Est) from 01 July 2006. He went on to advise members that their Connections Contract has been awarded to UUNCS with effect from 01 August 2006.

4.2 Customer Issues

DW, SBGI advised that IGEM had prepared a document on Emergency Procedures and asked members to consider how best to circulate this. Members asked if the document could be issued via the Joint Office of Gas Transporters, which was agreed. The consensus amongst members was that the more places the document is published, the better.

Action GCF023: Joint Office to publish IGEM paper when received.

4.3 Regulatory Issues

None raised. Members asked if Ofgem could be encouraged to attend future meetings.

5. **Date of next meeting and agenda items**

5.1 Future Meeting Venues

TD reaffirmed suggested agenda items for September: NTS Update; DN Interruption Reform; Publication of Near Real Time Data at UK sub-terminals; and Extension of DM service to enable Consumer Demand Side Management.

Both the 25 September and 27 November meetings are scheduled to take place at Elexon, 350 Euston Road, London.

Dates and locations are on the Joint Office calendar, at <http://www.gasgovernance.com>

6. **A.O.B.**

TD closed the meeting and asked members to submit any suggestions for further agenda items to the Joint Office via enquiries@gasgovernance.com

Appendix A

Action Log – Gas Customer Forum – 10 July 2006

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner*	Status Update
GCF006	30/01/06 & 24/04/06	4.2	Joint Office to include AQ Review as an agenda item for the next GCF, and seek an appropriate presenter.	MB	Completed 06/07/2006
GCF008	24/04/06	2.1.2	National Grid to ascertain if 'naming and shaming' can be part of exercise Neptune.	JC	Completed 18/05/2006
GCF009	24/04/06	2.1.2	National Grid to ascertain if the worst Moscow performers can be named.	JC	Completed 18/05/2006
GCF010	24/04/06	2.1.2	National Grid to make available the sanitised "short" report on Moscow.	JC	Completed 18/05/2006
GCF011	24/04/06	2.1.2	National Grid to consider preparing a one page note for wide circulation setting out consumer issues and obligations.	JC	Completed 18/05/2006
GCF012	24/04/06	2.3	National Grid to provide the background data utilised for the demand side response slides.	NS	Completed 10/05/2006
GCF013	24/04/06	4.1	Joint Office to obtain and distribute copies of the xoserve AQ Review presentation and confirm xoserve will attend the 10 July 2006 GCF meeting.	TD	Completed 10/07/2006
GCF014	24/04/06	4.1	Northern Gas Networks to provide the requested information by the end of the week.	JO	Completed 28/04/2006
GCF015	24/04/06	4.1	Northern Gas Networks to report on the xoserve discussion at a future GCF meeting.	JO	Carried Forward 10/07/2006

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner*	Status Update
GCF016	10/07/06	2.1	Joint Office to issue a copy of UNC Modification 0090 with the minutes.	MB	17/07/06
GCF017	10/07/06	2.1	Wales and West Utilities to check if Ofgem planned to undertake an Impact Assessment.	LS	25/09/06
GCF018	10/07/06	2.1	Wales and West Utilities to provide an updated version of the presentation for issue with the minutes.	LS	17/07/06
GCF019	10/07/06	2.1	Joint Office to ensure DN Interruption Reform is on the September 2006 GCF Agenda.	MB	18/09/06
GCF020	10/07/06	2.2	Transporters to consider the appropriateness of customers, rather than xoserve, owning AQs.	Trans'	25/09/06
GCF021	10/07/06	2.2	xoserve to consider issuing the base date from which AQs are calculated.	SN	25/09/06
GCF022	10/07/06	2.3	Joint Office to seek an Ofgem view on the iGTs being bound by the UNC.	MB	25/09/06
GCF023	10/07/06	4.2	Joint Office to publish IGEM paper when received.	MB	tbc