

GAS CUSTOMER FORUM MINUTES
Monday 29 January 2007
Elxon Office, 350 Euston Road, London

Attendees

Tim Davis	(Chair)	(TD)	Joint Office of Gas Transporters
Mike Berrisford	(Secretary)	(MB)	Joint Office of Gas Transporters
Alex Spreadbury		(AS)	B&Q
Damien Cox		(DC)	John Hall Associates
Denis Aitchinson		(DA)	Scotia Gas Networks
Eddie Proffitt		(EP)	Major Energy Users Council
Helen Bray		(HB)	Chemical Industries Association
Ian Dobson		(ID)	CIPS
Jacky Carroll		(JC)	National Grid
Kerri Matthews		(KM)	National Grid Distribution
Liz Spierling		(LS)	Wales & West Utilities
Mark Freeman		(MF)	National Grid Distribution
Ritchard Hewitt		(RH)	National Grid NTS
Robert Cameron-Higgs		(RCH)	Northern Gas Networks

Apologies

Bali Dohel	(BD)	Scotia Gas Networks
Brian Farrow	(BF)	SBGI
Claire Gibney	(CG)	NHS Purchasing & Supply Agency
Margaret Hunter	(MH)	Scotia Gas Networks
Mark Thompson	(MT)	Centrica

1. Introduction

- 1.1 TD gave an introduction, including the Elxon Emergency Evacuation arrangements.
- 1.2 Minutes of the meeting held on 27 November 2006 were accepted.
- 1.3 TD reviewed the outstanding actions from the previous meeting.

- **GCF015 & GCF031**, RCH advised members that an email from NGN relating to 'load band' information had been issued the previous week and that the MEUC can anticipate a follow up email later this week. Additionally, RCH will ensure that NGN's information is reissued in April 07 to align with the other DNs.

In light of the above, members confirmed they were happy with the information provided by the DNs, which could be updated annually.

Actions: Closed

- **GCF020**, TD suggested to members that the issue of ownership of Aqs remains a difficult one and LS advised that the DNs have not discussed the matter as yet.

Action: Carried Forward

- **GCF021**, TD informed members that xoserve are considering issuing the 2007 AQ base date and that an update should be available for the April meeting. LS advised that xoserve could attend the April meeting and that members might like to consider

what they could usefully address at the meeting. AS stated that customers do not believe that the calculation works and ID supported this by suggesting that perhaps the 'Peak AQ' from the last 3 years should be used, especially as this year's warm weather will reduce AQs. RCH agreed to investigate this and report back to the April meeting.

Action: Carried Forward

Action GCF036: Joint Office to ensure that AQ process is included on the 30 April 07 Agenda

- **GCF022,** TD advised members that Ofgem published a document relating to iGT Governance and that the iGTs are planning to introduce a Unified Code on 1 April 07 rather than acceding to the UNC.

Action: Closed

Action GCF037: Joint Office to confirm if the iGTs UNC goes live on 01 April 07.

- **GCF025,** TD advised members that a copy of the Exercise Neptune HSE Report is available alongside today's presentation on Exercise Neptune Findings (*please see item 2.1*) on the Joint Office web site.

Action: Closed

- **GCF026,** LS informed members of the various emails issued in 2006 explaining charging levels. KM said the subject had been discussed at National Grid's I&C Round Table meeting, and would be covered later (*see item 4.1*).

Action: Closed

- **GCF027 & GCF028,** Actions had been completed.

Action: Closed

- **GCF029 & GCF030,** All agreed the forum is useful and they would continue to support meetings.

Actions: Closed

- **GCF032,** TD reminded members of the statement on GCF025 above and in light of this, members agreed to close the action.

Action: Closed

- **GCF033,** RH & KM advised that there is no evidence to suggest out of date data had been utilised during Exercise Neptune.

Action: Closed

- **GCF034 & GCF035,** Actions had been completed.

Actions: Closed

2. Presentations

2.1 Emergency Procedures Update (J Carroll)

JC said the Exercise Neptune involved a major supply failure and immediate move to stage 3 of an emergency.

Members enquired as to who is in control in the event of a Gas Emergency, to which JC advised that the NG Control Room will manage the emergency but are accountable to the likes of the NEC, HSE, Dti etc.

In reporting on the emergency interruption performance aspects, JC indicated that some Shippers took anywhere between 1 and 4 hours to contact sites. A summary of performance is available within the HSE Report. EP enquired what percentage of

throughput, as opposed to sites, was able to cease use. RH advised that, whilst variable across the Networks, the figure is around 30%.

Members once again raised concerns regarding the potential inaccuracy of the contact information utilised during the exercise. However, KM confirmed that the information was 'pulled' off the system on the morning of the exercise. JC added that xoserve update the information on a weekly basis.

JC continued by advising that the Networks are looking to identify 'Best Practice' for Firm Load Shedding of DN Loads and that it remains disappointing that industry players appear unaware of their responsibilities especially as 20% of Firm Sites in the >25,000 tpa band took between 2 and 4 hours to respond. Some members were critical of the clarity of information surrounding the causes of these problems contained within the HSE Report, and noted that Shippers do not appear to have improved since previous exercises. LS said that the non-contact reasons are wide ranging and varied.

LS then advised that Wales and West Utilities (WWU) are investigating their performance during the exercise and are working closely with Shippers to improve. EP suggested that it is the volumes that are important. JC commented that these details are highlighted within the HSE Report.

JC believes that Shippers are communicating reasonably well with their sites, although this view was contested by EP who suggested that the realistic percentage figures should be closer to the 80% mark and therefore this was not the case.

In summary, JC pointed out that Isolation times during the exercise had shown improvement over Exercise Moscow and that the Exercise Neptune Report 'captures' thirty three (33) recommendations. Post the exercise, the HSE have written to the interested parties to identify ways and means by which to improve performance. Furthermore, at last weeks Demand Side Working Group meeting discussions took place with Shippers regarding ways in which their contact information can be improved.

Members were concerned that Ofgem have offloaded their responsibilities onto the Gas Forum and that in reality this remains a Shipper Licence issue, and as such, should be Ofgem's responsibility to address. EP enquired if there were any 'challenges' to the exercise to which KM replied that there had been some and that it is an 'Industry Education' issue. JC added that the exercise was not based on a 'cold call' approach and was well publicised in advance.

2.2 A Year in the Life of a DN (Scotia Gas Networks)

It was agreed to defer this item until the April 07 meeting, as the Scotia Gas Networks representative was unavailable due to ill health.

2.3 DN Interruption Reform (M Freeman)

MF ran through the Economic Test note which was issued 19 January. DC asked if new sites would need to pay a contribution and what would be the impact upon the Capacity/Interruption charges. DA & KM advised that the contribution is subject to the economic test result but transportation charges were unaffected.

Members asked if the Panel had recommended implementation of Modification Proposal 0090, which they had not. LS pointed out that whilst the vote was split 5:5, this was not an equal Shipper/Transporter split. The DN's principle concerns with Mod 0090 surrounded both timing issues and the broad impact of changes to the commercial framework, rather than the aim of the Modification Proposal in isolation. MF informed members that the latest Ofgem expected decision date is the end of March and that the final Impact Assessment is expected this month. Members pointed out that they have argued with Ofgem that they have got the IAs wrong and that their approach is back-to-front. HB

suggested that Ofgem are building consumer costs into their consideration whilst EP stated that he remains to be convinced that Ofgem have considered the 'true' costs.

EP questioned why the DNs should need to be incentivised in the manner proposed by Ofgem. MF advised that this is an extremely complex matter, related to Capex/Opex/Repex etc.

With regard to the proposed Capacity Methodology, MF pointed out this would be specific to each individual DN whilst the remaining arrangements would be on a 'common' approach. DA confirmed that whilst the levels of charging may differ, DNs are looking for a common approach. LS advised that consultation on cost recovery and ending Interruptible discounts will commence at the end of February. MF informed members that the NEC will need to submit safety case changes to the HSE, which LS added would consider the impact on the Safety Monitors.

Members enquired as to how many zones there would be, and MF advised 20 to 40 across the Networks. EP asked if Suppliers have openly stated that they would transfer rights associated with sites. MF advised that this is a matter for Users and Ofgem to consider and that the Transporters can not enforce this although the UNC does provide for this at Shipper level.

MF pointed out that decisions on 0090 and 0116 could be expected to coincide with publication of Interruption Requirements shortly after. HB informed members that the proposed regime changes were considered at a recent Energy Buyers meeting where concerns were voiced around the communication mechanisms and associated provisions – consumers did not seem prepared for the changes to go ahead. EP concluded the picture will become clearer around April and would need explaining to consumers. HB had asked Ofgem for a one page summary which can be used to help with information dissemination.

DA clarified there would be no change to how revenue is collected by the DNs. There would only be a change in the way Interruption is contracted for and in future the decision as to which sites are interruptible will rest with the DNs. Members expressed their concerns that this has not been clearly communicated. The DNs said they would welcome any suggestions on the best forms of, and routes for, disseminating information. Members suggested as possibilities a roadshow approach, issuing information with bills and using Industry journals and publications.

Members acknowledged that whilst customer representatives remain negative regarding the matter, should 0090 be implemented they would adopt a 'balanced approach' and support the DNs to communicate and subsequently implement the changes. TD suggested that a more detailed requirements presentation would be required, and RCH and MF advised that this is already being worked on. It was agreed that an additional GCF meeting be arranged for the first week in April, by which time Ofgem's decision on Mod 0090 should be available.

2.4 Transmission Issues (R Hewitt)

R Hewitt advised that winter had been warm, new supplies had come on stream, there have been no Gas Balancing Alerts (GBAs) to date, and January was the warmest on record.

RH then moved on to Exit Reform – the various proposals are with Ofgem for their consideration and an Impact Assessment can be expected at the end of the month. The UNC Panel had recommended implementation of 0116A, which maintains the status quo.

DC advised that the 'Daily Summary Report' (notification to interrupt) presented on the NG web site appears to have stopped updating automatically. He went on to enquire as to what the criteria was for the Isle of Grain (0006 data) as this looked like it was last

updated on or around 21 January 07. RH agreed to investigate and report back to DC directly.

3. Modification Proposals

3.1 Review of UNC Modification Proposals (T Davis)

TD highlighted the UNC Modification Proposals, not previously discussed in the meeting, that he expected to be of greatest interest to the GCF, specifically:

- 0097A “Modification to release aggregated ex-post information for pipeline Interconnector offtake flows”, will be implemented with effect from 06:00hrs on 01 October 07;
- 0120V “Introduction of an SO Commodity Charge for NTS Storage Exit Flows”, was rejected by Ofgem on 31 January 07;
- 0121 “The Provision of Ex-Post Demand Information for all NTS Offtakes”, consultation period closes out 08 February 07.
- 0126 “Restriction of Invoice Billing Period”, Review Group currently considering and the Final Review Group Report is expected to go to the June 07 Panel for consideration, and finally
- 0127 “Introduction of a DN Pensions Deficit Charge on DNO Users” is to be presented to the February 07 UNC Panel for their consideration.

TD also advised members that the Entry Capacity Auctions for 2007 have been delayed. Members argued that Entry Auctions are of no benefit.

4. Customer Issues

4.1 DNO Update

K Matthews provided a National Grid Distribution update paying particular attention to the ‘Change to the Domestic Customer Charge’ - DA advised that this would go some way towards ‘smoothing’ DN charges, reducing their variability.

On potential October 2007 Price Changes slide, the DNs confirmed that they have no plans for methodology changes. On the level of increase, KM advised that assessment is ongoing and that Mains Replacement information is not yet available, but increases would probably be more than the headline revenue increases announced by Ofgem. Members asked if the pension charge is included in the 11% allowance increase, and DA confirmed that it is. DA also confirmed that Scotia certainly do not expect their Price Increases to be lower than 11%, and LS and RCH confirmed this also applied to Wales & the West and Northern.

DC enquired if the Transportation Charge would change in April 07, and DA replied that only Customer Charges are changing.

4.2 Customer Issues

AS pointed out that he is still concerned that problems with internet access to the Asset Database may be impacting the registration of new sites on the system. LS advised that xoserve will be contacting Alex regarding this matter and could attend the April 07 GCF if further discussions are required.

Both EP and AS informed members that they were happy with the DN participation in the meeting and had found it informative and helpful.

4.3 Regulatory Issues

In the absence of an Ofgem representative, there was no further information available.

5. Date of next meeting and agenda items

5.1 Future Meeting Venues

TD asked, and members agreed, that in light of forthcoming industry event surrounding the DN Interruption Reform it might be prudent to consider convening the April 07 meeting earlier in the month. A provisional date of 02 April 07 was agreed, but will be confirmed in due course along with location details.

Otherwise, the 30 April 2007 GCF meeting is scheduled to take place at the Elexon Office, 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 future agenda items to the Joint Office via enquiries@gasgovernance.com

Appendix A

Action Log – Gas Customer Forum – 29 January 2007

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner*	Status Update
GCF015	24/04/06	4.1	Northern Gas Networks to report on the xoserve discussion at a future GCF meeting.	JO	Closed 29/01/2007
GCF020	10/07/06	2.2	Transporters to consider the appropriateness of customers, rather than xoserve, owning AQs.	Trans'	Carried Forward 30/04/2007
GCF021	10/07/06	2.2	xoserve to consider issuing the base date from which AQs are calculated.	SN	Carried Forward 30/04/2007
GCF022	10/07/06	2.3	Joint Office to seek an Ofgem view on the iGTs being bound by the UNC	MB	Closed 29/01/2007
GCF025	25/09/06	2.3	Joint Office to circulate the statistics for Exercise Neptune and include on the 27 November 2006 GCF Agenda, including organising a guest speaker.	MB	Closed 29/01/2007
GCF026	25/09/06	2.3	DNs to consider providing a breakdown explaining movements in charge levels.	DNs	Closed 29/01/2007
GCF027	25/09/06	2.3	Joint Office to add a new column on the Live Modification Register to identify the proposing organisation.	MB	Closed 29/01/2007
GCF028	27/11/06	1.2	Joint Office to write to the DN's seeking ideas as to what would make them support the GCF.	TD	Closed 29/01/2007
GCF029	27/11/06	1.2	GCF members to raise their concerns over a lack of representation during their next Ofgem Customer meeting.	Memb's	Closed 29/01/2007
GCF030	27/11/06	1.2	Joint Office to write to the Authority seeking a view on their possible attendance at GCF meetings.	TD	Closed 29/01/2007

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner*	Status Update
GCF031	27/11/06	1.3	Joint Office to write to NGN (R Cameron-Higgs) requesting an update on the delay in providing data to the MEUC.	TD	Closed 29/01/2007
GCF032	27/11/06	1.3	NG NTS to ascertain whether or not a 'public' copy of the HSE report can be provided at the same time as it is provided to the HSE.	RH	Closed 29/01/2007
GCF033	27/11/06	1.3	NG NTS to ascertain if xoserve may have utilised out of date information during Exercise Neptune.	RH	Closed 29/01/2007
GCF034	27/11/06	1.3	Joint Office to ensure that Exercise Neptune is on the January 07 GCF Agenda.	MB	Closed 29/01/2007
GCF035	27/11/06	2.2	Joint Office to ensure that Interruption Reform is on the January 07 GCF Agenda.	MB	Closed 29/01/2007
GCF036	29/01/07	1.3	Joint Office to ensure that AQ Base Date Calculation is on the April 07 GCF Agenda.	MB	16/04/2007
GCF037	29/01/07	1.3	Joint Office to confirm when the iGTs Unified Code goes live on 01 April 07.	MB	01/04/2007