

Distribution Workstream Minutes
Thursday 28 May 2009
Elaxon, 350 Euston Road, London

Attendees

Bob Fletcher (Chair)	BF	Joint Office
Tim Davis	TD	Joint Office
Jemma Woolston	JW	Shell Gas Direct
Anne Jackson	AJ	SSE
Chris Hill	CH	RWE npower
Chris Warner	CW	National Grid Distribution
Dave Addison	DA	xoserve
Fiona Cottam	FC	xoserve
Gareth Evans	GE	Waters Wye
Graham Frankland	GF	xoserve
Iain Monksfield	IM	xoserve
Jenny Boothe	JB	Ofgem
Joanna Ferguson	JF	Northern Gas Networks
Joel Martin	JM	Scotia Gas Networks
Mitch Donnelly	MD	British Gas
Phil Broom	PB	GDF Suez
Richard Street	RS	Corona Energy
Rosie McGlynn	RM	EDF Energy
Simon Trivella	ST	Wales & West Utilities
Stefan Leedham	SL	EDF Energy

1. Introduction and Status Review

1.1. Minutes from the 23 April and 14 May meeting

The minutes from the previous meetings were approved.

1.2. Review of actions from previous Distribution Workstream meetings

Action Dis0903c: Ofgem to provide an update on the response to Corona's letter regarding meter labelling during the Prime and subs survey process.

Action Update: JB was unable to provide an update but confirmed she was continuing to chase this. **Carried Forward.**

Action Dis0401: UNC0248 - SL to provide some examples of why shippers need to replace meter reads, how these can currently be managed and how the proposal can improve this.

Action Update: Action not reviewed. **Carried Forward.**

Action Dis0402: UNC 0248 - xoserve to report the level for adjustments in a 12 month period.

Action Update: Action not reviewed. **Carried Forward.**

Action Dis0403: EDF Energy to revise proposal UNC0248 considering the discussions held at the Distribution Workstream.

Action Update: Action not reviewed. **Carried Forward.**

Action ERP 0038: UNC0229 – AB to consider relevant procurement regulations which may impact 0229.

Action Update: Since the Proposal has been issued for consultation, it was agreed to close the action. **Closed.**

Action ERP 0039: UNC0231 - All Shippers to provide via Ofgem evidence of incurred costs to determine the appropriate levels of costs for recovery.

Action Update: JB reminded Shippers that Ofgem required supporting information on the value of potential claims to aid their decision making process, though this could be provided directly or through the consultation process. **Closed.**

Action ERP 0040: UNC0231 - All Shippers to provide feedback to MD on the theft claim types and supporting evidence.

Action Update: MD confirmed that he had been in discussion with other Shippers and it was agreed to close the action. **Closed.**

Action ERP 0043: UNC0229 - All to consider how the costs could be discharged and how the contracting party could share the resulting costs and provide views. **Action Update:** Since the Proposal has been issued for consultation, it was agreed to close the action. **Closed.**

Action Dis0501: National to request a ROM from xoserve for 0229.

Action Update: Requested on 15 May. **Closed**

Action Dis0502: Shell Gas to incorporate User Pays costs and apportionments within the proposal.

Action Update: The available information is reflected in the revised proposal GE asked how the ROM information would be incorporated within the Modification Report. BF indicated the JO would happily publish the information when made available. **Closed**

Action Dis0503: National Grid to provide the proposer with any identified inconsistencies in the business rules.

Action Update: Completed on 15 May. **Closed**

Action Dis0504: Transporters to determine how they will recover costs.

Action Update: CW suggested this was dependent on the solution ultimately identified. Since the Proposal has been issued for consultation, it was agreed to close the action. **Closed**

Action Dis0505: British Gas to insert a revised scheme into the proposal

Action Update: MD indicated that this would be undertaken shortly and a revised proposal would be provided. **Carried Forward.**

Action Dis0506: All parties to review Ofgem's response on the potential licence changes required and provide a response at the next Distribution Workstream

Action Update: The action is to be amended to DNs. The DNs indicated they were still considering a response to the email. **Carried forward**

1.3 Review of Live Modification Proposals

BF summarised the current situation of all the live Modifications for the Distribution Workstream.

2. Modification Proposals

2.1. Proposal 0224: Facilitating the use of AMR in the Daily Metered Elective Regime

GF explained that xoserve felt it would be helpful to present the latest information on the anticipated costs and consequent charges were this Proposal to be implemented.

IM explained that xoserve had established proposed User Pays charges for the service based on changes to the existing system rather than being part of Project Nexus. Implementation costs were expected to be £565k, to be recovered up-front on a per-supply point basis.

Consistent with the ACS principles, xoserve suggested DME core services be paid at a daily rate on a per meter point basis for those using the service. This would cover the receipt, processing and validation of all daily reads, plus reporting and invoicing. The latest estimate suggested a rate of £0.26p could apply for the first two years, such costs were not unduly high initially, which may otherwise deter take-up.

In addition, IM suggested transactional charges would be appropriate to cover the costs incurred to deal with “non-performance”, such as reads that fail validation; and consumption adjustments. Charges of £47 and £38 respectively are proposed, but would need to be kept under review in light of actual activity.

RS suggested that funding was already available through the price control process to deal with reconciliation issues for these sites and hence there should be offsetting savings. If anything, he would anticipate less rather than more reconciliation costs. DA suggested that the present approach was automated and hence different. PB added that if these Users chose to use the existing DM service, these costs would be met through allowed revenue. ST accepted this, but suggested a step change in numbers was expected which would not happen if the Proposal was not implemented.

GF confirmed that no savings had been built into the calculations, and DA believed that while there were potential savings in principle, he would not anticipate any actual savings because an automated approach was involved. RS suggested that xoserve should document this to demonstrate there would be no savings, and GF agreed to do so.

Action: Dis0507 xoserve to establish the scope for cost savings against existing obligations if sites become DM elective.

SL suggested that any savings would be negligible and the charges to support development were more significant and less well targeted. There was also general agreement that keeping the approach relatively simple was an advantage – such as not having too many different classes of charge.

PB suggested there may be value in undertaking an offline pilot prior to the service being introduced in order to provide more information about likely activities and consequent charges. It was recognised that this could remove a barrier to entry and DA agreed that xoserve would look at the practicalities of including this in the implementation plan. This would need to be appropriately designed, but was likely to be useful as part of the UAT. He also confirmed that the UK Link committee had considered the proposed approach and would be continuing to do so. xoserve were happy to keep the Workstream updated with any developments in the UK Link Committee were the Proposal to be implemented.

SL asked why charges had substantially increased since previously proposed. It was clarified that this reflected the move from the ROM to a more detailed estimate. SL emphasised that if any further changes were anticipated, as much notice as possible was desirable so that the costs could be built into contracts.

2.2. Proposal 0229: Mechanism for Correct Apportionment of Unidentified Gas

BF confirmed that the May UNC Panel Meeting had agreed the Proposal should be issued for consultation CW suggested that, while he had written a note setting out the Transporter view regarding the proposed contracting approach, it was perhaps best for issues to now be taken forward under the consultation process. This was agreed.

2.3. Proposal 0231: Changes to the Reasonable Endeavours Scheme to better incentivise the detection of Theft

RS asked why Ofgem was concerned about changes to the maximum level of costs which could be recovered when these costs fell entirely to Shippers - if Shippers are content. JB confirmed this was unlikely to be key to their decision, but it would be helpful for Ofgem to understand the costs involved if they were to be in a position to approve the Modification Proposal and put forward associated Licence changes.

CW questioned how the Proposal envisaged the existing scheme being incorporated into the UNC. One possibility would be for this to be a new UNC section, or it could be a UNC Related Document. MD felt that this was a matter for the legal text and how the lawyers chose to draft this, but ST and CW suggested the Proposal needed to be sufficiently clear as to what was proposed rather than leaving this open. CW indicated that the text of the scheme may also need to be reconsidered prior to being inserted into the UNC, and would need to be consistent with the suggested Licence changes which Ofgem had put forward.

Action Dis0508: British Gas to discuss the potential legal text with Scotia Gas Networks to identify how best to incorporate the scheme within the UNC.

Action Dis0509: British Gas to amend Modification Proposal 0231 following discussions with Scotia Gas Networks.

Action Dis0510: All to consider the draft Workstream Report in preparation for sign off by teleconference on 11 June.

2.4. Proposal 0253: Facilitating a Supply Point Enquiry Service for Large Supply Points

MD said that he was keen to move the Proposal forward and understand whether others felt any further clarity was needed. JB asked how the existing process operated, and what “contemplating” implied in the UNC. It was recognised that interpretation was unclear and may be different between different Shippers. While attendees said they would expect customer contact before seeking the information, it was generally considered that this was not necessary under the wording of the UNC. As such, “contemplating” was not a particular barrier to seeking information at the moment.

MD clarified that the Proposal was intended as a facilitating one such that a non-Code User Pays service could subsequently be proposed – the Modification Proposal was simply intended as a hook into the UNC to permit the release of the data. JM suggested this was not simply a matter of

removing the word “contemplating” and, indeed, was unclear that removing “contemplating” was necessarily required for a non-Code User Pays service to be provided. RM suggested that going straight to the UPUC with a proposed new service might be appropriate. However, CW and ST suggested that protected information would be involved and hence the suggested service could not be immediately implemented through the UPUC route. To enable a User Pays service, the UNC change needed was to permit information release.

RS said that he had been asked to raise strong concerns on behalf of the MEUC. They regarded this as releasing customer’s data without restriction and that the process was, quite properly, specifically designed to stop people cherry picking. GE suggested the Proposal would make cherry picking easier if implemented. MD suggested that the problem was that while some may describe the Proposal as facilitating cherry picking, he would see it as facilitating more accurate and timely quotes being provided to customers.

JB asked if commercially sensitive data would be released if the Proposal was implemented. MD said that there would be no change in the information being made available and hence it should not be seen as a Proposal which would lead to the release of any additional commercially confidential information. GE argued the information was not readily available in one place at present, and consequently implementation would release data more easily. At present, there was an audit trail which could reveal if the data was being used inappropriately, whereas the proposed blanket release of information would make it uncontrolled.

It was agreed that the Proposal needed more development to clarify precisely what was proposed. In particular, the Proposal needed to be clear that it was about permitting the release of information. While it was understood that this would facilitate the raising of a proposal to introduce a User Pays service, that was a separate issue and not part of the Modification proposal.

AJ asked what prevented release now, such that the Proposal was necessary. CW said information release was subject to UNC Section V5 – Protected Information. At present, the word “contemplating” in the UNC allowed the release of some information in some circumstances, which AJ therefore felt was central to the Proposal as it would clarify when information could be released. MD repeated that he anticipated this being clarified through the production of legal text which may or may not suggest that “contemplating” should be changed.

RM suggested that if the suggested non-Code User pays service was introduced, this would create a level playing field as not everybody has signed the User Pays contract. MD suggested that non-signatories could access the service through a commercial arrangement with xoserve.

GE asked why this should not be a Code User Pays service and so available to all, or a UNC service and so provided to all. SL asked if brokers would have access to the information if it was provided through a non-Code User Pays service.

Action Dis0511: British Gas to redraft Proposal 0253 to reflect the issues discussed by the Workstream.

3. Topics

3.1. 014Dis CSEP NExA Agreements

CW reported that the SPAA single service provision group was continuing to debate issues but that it looked likely that consideration of a single centralised database approach would become part of the Project Nexus considerations.

ST said that file formats in support of Proposal 0226 had been issued, ready for implementation on 1 October.

3.2. Any new topics

3.2.1. Emergency Contact Details

ST presented suggestions for some initiatives which might be implemented to help to improve contact details.

SL welcomed the suggestions but questioned whether a voluntary approach was sufficient. PB suggested looking at the Gas Forum best practice guidance on this issue. The Gas Forum were also looking at interruption and emergencies for DECC, part of which was about ensuring effective contact information was available.

RS asked whether a revised approach could be incorporated within Project Nexus. ST felt the issue should be progressed ahead of Nexus, but that consideration of how Nexus may be able to help could go ahead in parallel.

It was agreed that this should be accepted as a topic, with medium priority. ST also invited feedback on the issues raised once people had had an opportunity to digest the material.

4. AOB

4.1. Forecast Weather Data

SL introduced a draft Proposal seeking to amend the UNC to enable the use of forecast weather data which takes account of climate change, such as the EP2 data produced by the Hadley Centre/Met Office.

SL had initially felt this would be a simple UNC change, but when looking at this had identified a number of UNC aspects which may need to be clarified to support the use of alternative forecasts. FC clarified that there was some uncertainty that the Proposal as drafted would meet the intention. It was generally agreed that the aim should be to give as much flexibility as possible, with a role for DESC in helping to determine which particular data to use on any occasion.

There was some debate as to what would constitute an accredited source of data, with ST feeling that the existing UNC wording, referring to reputable sources, is preferable. SL agreed to remove this aspect from the Proposal.

The deadline for implementing this data at the next opportunity meant that rapid progression was needed, and hence an additional Panel meeting had been arranged for 5 June to consider the Proposal, if raised.

4.2. iGT Panel Update

ST indicated that there was nothing material to report.

5. Diary Planning for Workstream

Thursday 11 June 2009, 10:00, by teleconference

Thursday 25 June 2009, 10:00, Elexon, 350 Euston Road, London

Thursday 09 July 2009, 10:00, Elexon, 350 Euston Road, London - Cancelled

Thursday 23 July 2009, Holiday Inn, 61 Homer Road, Solihull

Distribution Workstream Action Table (Appendix 1)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
Dis0903c	23.04.09	1.1	Ofgem to provide a response to Corona's letter regarding meter labelling during the Prime and subs survey process.	Ofgem (DW)	Carried Forward
Dis0401	23.04.09	2.2	UNC0248 - SL to provide some examples of why shippers need to replace meter reads, how these can currently be managed and how the proposal can improve this.	EDF Energy (SL)	Carried Forward
Dis0402	23.04.09	2.2	UNC 0248 - xoserve to report the level for adjustments in a 12 month period.	xoserve (AJ)	Carried Forward
Dis0403	23.04.09	2.2	EDF Energy to revise proposal UNC0248 considering the discussions held at the Distribution Workstream.	EDF Energy (SL)	Carried Forward
Dis0501	14.05.09	2.1	National Grid to request a ROM from xoserve for 0229.	National Grid (CW)	Completed
Dis0502	14.05.09	2.1	UNC0229 - Shell Gas to incorporate User Pays costs and apportionments within the proposal.	Shell Gas Direct (AB)	Closed
Dis0503	14.05.09	2.1	UNC0229 - National Grid to provide the proposer with any identified inconsistencies in the business rules.	National Grid (CW)	Completed
Dis0504	14.05.09	2.1	UNC0229 - Transporters to determine how they will recover costs.	All Transporters	Closed
Dis0505	14.05.09	2.2	UNC0231 - British Gas to insert a revised scheme into the proposal	British Gas (MD/DW)	Carried Forward
Dis0506	14.05.09	2.1	UNC0231 - DNs to review Ofgem's response on the potential licence changes required and provide a response at the next Distribution Workstream	DNs	Carried Forward
Dis507	28.05.09	2.1	UNC0224 - xoserve to establish the scope for cost savings against existing	xoserve (GF)	Pending

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
			obligations if sites become DM elective		
Dis0508	28.05.09	2.3	UNC0231 - Discuss the potential legal text with Scotia Gas Networks to identify how best to incorporate the Reasonable Endeavours scheme within the UNC	British Gas (MD)	Pending
Dis0509	28.05.09	2.3	Amend Modification Proposal 0231 following discussions with Scotia Gas Networks	British Gas (MD)	Pending
Dis0510	28.05.09	2.3	UNC0231 - Consider the draft Workstream Report in preparation for sign off by teleconference on 11 June	All	Pending
Dis0511	28.05.09	2.4	Redraft Proposal 0253 to reflect the issues discussed by the Workstream	British Gas (MD)	Pending

Energy Related Proposals Action Table (Appendix 2)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
ERP 0038	04.03.09	2.1	UNC0229 - AB to consider relevant procurement regulations which may impact 0229.	Shell Gas Direct (AB)	Closed
ERP 0039	04.03.09	2.2	UNC0231 - All Shippers to provide via Ofgem evidence of incurred costs to determine the appropriate levels of costs for recovery.	All Shippers	Closed
ERP 0040	04.03.09	2.2	UNC0231 - All Shippers to provide feedback to MD on the theft claim types and supporting evidence.	All Shipper	Closed
ERP 0043	12.03.09	2.1	UNC0229 - All to consider how the costs could be discharged and how the contracting party could share the resulting costs and provide views.	All	Closed