

**Distribution Workstream Minutes**  
**Tuesday 02 February 2010**  
**31 Homer Road, Solihull, B91 3LT**

**Attendees**

Bob Fletcher (Chair)	BF	Joint Office
Helen Cuin (Secretary)	HC	Joint Office
Bali Dohel	BD	Scotia Gas Networks
Beverley Viney	BV	National Grid NTS
Anne Jackson	AJ	SSE
Brian Durber	BD	E.ON UK
Chris Hill	CH	RWE npower
Chris Warner	CW	National Grid Distribution
David Watson	DW	British Gas
Karen Kennedy	KK	Scottish Power
Jemma Woolston*	JW	Shell Gas Direct
Joanna Ferguson	JF	Northern Gas Networks
Joel Martin*	JM	Scotia Gas Networks
Linda Whitcroft	LW	xoserve
Matthew Wightmas*	MW	GDF Suez
Richard Street	RS	Corona Energy
Simon Trivella	ST	Wales and West Utilities
Stefan Leedham*	SL	EDF Energy
Steve Mulinganie	SM	Onshore Consulting

\*via teleconference

**1. Introduction and Status Review**

**1.1. Minutes from the previous meeting**

The minutes from the previous meeting were approved.

**1.2. Review of actions from previous Distribution Workstream meetings**

**Action Dis0803:** Topic 0040Dis - National Grid Distribution (AR) to examine the possible timelines for a contracted disconnection service without access to customer premises.

**Action Update:** CW confirmed a project team has been formed to look at the requirements of illegal connections, Transporters obligations/rights and the surrounding issues, it is anticipated that an update will be available in April. It was agreed to close this action deferring the topic until April's Distribution Workstream. SM requested that the project team be mindful of the development of UNC0274 and UNC0277. **Closed. Topic deferred until April.**

**Action 1003:** EDF to provide some statistical evidence of threshold crossers from their portfolio.

**Action Update:** SL confirmed no update was available. See also item 2.2. **Carried Forward.**

**Amended Action Dis1101:** UNC0248 - Shippers to provide an indication of likely demand/volume for read replacements or a confirmation of intent to use this service by 12 February 2010. If adequate information is not provided xoserve will produce a ROM assuming levels of demand in useful blocks.

**Action Update:** BF confirmed no updates have been received at the Joint Office. LW confirmed that an indication of likely demand would be required for the ROM. ST confirmed that the demand will assist in understanding a sensible user pays charge and recovery, and the design of a suitable system to manage the demand. All Shippers agreed to either provide an indication of demand or a confirmation of whether or not they foresee using this service. To prevent stalling the modification that if adequate response are not provided by 12 February 2010 xoserve would produce a ROM using assumed levels of demand. The original action was amended to reflect this agreement. **Carried Forward.**

**Post Meeting Note:** EDF Energy have provided xoserve with their anticipated demand for this service.

**Action 0101:** 0248 – Amended Modification Proposal to be provided and inserted into the Draft Workstream Report.

**Action Update:** BF confirmed that an amended Modification Proposal had been provided and published, however SL indicated a further amendment was required. **Complete.**

**Action 0102:** 0271 - ROM to be produced on removing the 20% rule from the UNC in addition to the existing ROM.

**Action Update:** LW confirmed that the ROM is being produced. See item 2.2. **Carried Forward.**

**Action 0103:** DNOs to consider the inclusion of ROM requests and their status within the UNC Modifications Register.

**Action Update:** CW confirmed Transporters are looking into the feasibility of reporting ROM information. He wanted to use this an opportunity to review the process of ROM requests, the different stages of a ROM, and ROM amendments. He confirmed that a meeting is being held to consider what information can be shared. **Carried Forward.**

**Action 0104:** 0279 - xoserve to consider the reads that have failed tolerances and the likely costs of producing information on all portfolio gains within the ROM.

**Action Update:** LW confirmed that xoserve are looking into this. See item 2.3. **Carried Forward.**

**Action 0105:** xoserve to request an email address from Shippers for the delivery of monthly Demand Estimation Reports.

**Action Update:** LW confirmed a request has been circulated. **Complete.**

**Action 0106:** Transporters and Shell Gas Direct to consider and further develop the principles of UNC0229.

**Action Update:** CW confirmed that a meeting had been held to discuss the Transporters concerns with the tendering process, he expressed that the Transporters want to make sure it can work. He believed that a revision would be required possibility simplifying the guidelines process. He suggested one solution might be for a replacement modification to improve on the current modification. CW believed that the proposer accepted that a revision to the guidelines may be required. RS confirmed in principle this will be looked at and that there is an aspiration to solve the GT issues but no agreement has been made to raise a modification. The proposer of UNC0229 wants to consider what can be done to ensure the proposal is as workable as possible. The Workstream acknowledged that UNC0229 is currently with Ofgem and is awaiting a decision. It was

anticipated a meeting will be held in a fortnight and an update will be provided at the next Distribution Workstream. **Complete.**

## **2. Modification Proposals**

### **2.1. Proposal 0248: Meter Reading Replacement**

SL confirmed that a further amendment was required to the modification proposal. He believed that no further update was required to the Workstream Report at this stage and that it was best to review the report when the ROM is available. He suggested that if the ROM is not available at the 22 February Workstream meeting, that the Workstream Report is finalised without the ROM with a request to Panel for them to request the ROM. SL did express concern on how long the ROM was taking to produce. ST highlighted that the proposal had undergone development, which has impacted finalising the ROM requirements.

When discussing Action Dis1101, SL questioned if demand or likely take-up was fundamental to producing a ROM. It was confirmed that the likely demand would assist in understanding the design of systems, an estimation of costs and their recovery. It was agreed that Shippers would either provide an indication of the likely demand or a confirmation of whether or not they will wish to use this service. It was anticipated that if adequate information is provided the ROM could be available for the next Distribution Workstream. As SL wished to proceed with the modification it was agreed that if adequate responses were not provided by 12 February 2010, xoserve would produce a ROM using assumed levels of demand.

KK suggested that if Shippers don't provide any demand information it is not an indication that they wouldn't use the service.

LW explained that the process may become complicated when considering how the replacements may work and how flags could be used.

### **2.2. Proposal 0271: Amendment to the SSP – Provisional LSP – SSP Amendment Rules**

SL confirmed that the ROM considering the impacts of removing the 20% rule from the UNC is awaited. It was clarified that this ROM is required in addition to the existing ROM.

LW confirmed that there is risks with removing the 20% rule altogether which has been alluded to. SL believed that there would be a balance between system costs and operational impacts. CW wanted to understand the ramifications of removing the 20% rule. SL believed that when ROM is produced this can be used to assess the cost savings and the operational risk to decide best way forward.

### **2.3. Proposal 0279: Improving the availability of meter read history and asset information**

CW confirmed that a draft ROM has been produced but there were a number caveats on its output. He confirmed that the ROM has been discussed with the proposer, though the values have to be approved. He explained that the modification suggests the use of DVDs/CDs, however the ROM has been produced assuming the use of the IX to reduce any potential security breaches. On the presumption of passing information via the IX indicative development costs would be in the region of £28K to £52K, with operational costs of at least £800 to £1200 per Shipper. CW confirmed that these indicative costs need to be considered further before formal release.

CW suggested that a lead-time of 22 weeks will be required for implementation. It was suggested that the first release of data would be for the entire portfolio but then subsequent releases would only be provided for portfolio gains. It was assumed within the ROM that implementation will be at the same time the business information provision release. He confirmed the Transporter will liaise with the proposer regarding the implementation date and the provision of information via the IX or DVD.

KK asked for clarification if the release of information would be in time for this year's AQ Review. ST explained that for the amount of data it was not feasible to implement before the provisional release of AQs.

It was questioned if the IX was the only solution. It was confirmed that the Transporters prefer the release of information via the IX. SM expressed some concern with the release of information and the security of it. He pointed out that the information if provided via IX could still be downloaded onto a DVD/CD. He suggested that there may be a legal opinion which could be provided as part of the consultation process.

It was agreed that the Workstream Report could not be concluded until further discussions had taken place between xoserve and the proposer on the differences within the ROM and the Modification.

**Action Dis0201:** UNC0279 - Transporters to liaise with the proposer regarding the implementation date and the provision of information via IX or DVD.

#### **2.4. Proposal 0282: Introduction of a process to manage Long Term Vacant Sites**

KK provided a presentation on Long Term Vacant Sites.

CW challenged that Shippers are able to reduce cost exposure by using the isolation and withdrawal process

CH explained that RWE npower raised a similar proposal UNC0172 that was rejected by Ofgem. It was recommended that KK review Ofgem's decision ([www.gasgovernance.co.uk/0172](http://www.gasgovernance.co.uk/0172)).

CW wished to understand the process. He explained the existing process was designed to isolate and withdraw to protect the site and surrounding sites. CM believed that there aren't the safety implications with the Electric as there are with gas.

RS highlighted access problems to the meter can prevent the ability to isolate a meter or gain meter readings. JF believed the electricity market does not have the safety issues associated with gas and as a result would find it difficult to gain access to sites on safety grounds. BD believed it would be easier to obtain an access warrant on safety grounds within the gas market.

SL highlighted problems with reconnections following isolation, as new occupiers expect instant access to gas. CW explained that isolation need not be a meter removal but can include the use of clamps that could be removed fairly quickly. CW wished to understand the timescales with reinstating a site to understand the impacts to the customer.

SM acknowledged that Shippers might wish to maintain the ownership of a site for commercial reasons; he believed however it was not unreasonable to expect that the relevant charge be paid for holding onto the ownership. He however suggested this could be a lesser charge. BD believed that the holding of capacity to supply a site and not paying for it was an issue with the previous modification.

RS questioned changing of AQs to 1. DW believed within the electricity market distribution costs would still have to be picked up. SM asked if this service would be restricted to domestic.

SL highlighted that the energy is never reconciled. KK highlighted that gas will not be allocated to a site if it is not actually using gas. It was acknowledged that a solution to allow the reconciliation of energy needs to be considered. SL suggested it may be accepted that the capacity has to be paid for but not energy. RS suggested that if a site is vacant the AQ could be frozen rather than amended, as there is little incentive to increase the AQ.

CW highlighted concerns relating to the Gas Safety Regulations and UNC obligations. He explained that if a shipper isolates and withdraws from a site, after 12 months the Transporter will disconnect the meter if the shipper hasn't at the shippers cost. The provisions of an isolation and withdrawal will always default to this position, which eventually leads to a gas safety service disconnection. He expressed concern that the proposed process would prevent this happening.

JM also explained that the Transporter also have obligations under the Pipeline Safety Regulations for pipelines not being used. SL acknowledged the safety implications have got to be addressed. The workstream agreed the proposal needs to consider situations where a site is vacant for more than 12 months to ensure the appropriate safety concerns are addressed.

CW explained UNC isolations and that the AQ stays in situ. He explained that if a site is isolated UK Link reflects this isolation and demand ceases to be attributed through UK Link and Gemini, therefore no charges would be applied, he also explained that it would also be taken out of the RbD pot. He clarified that it would take 7 days for the allocation to stop. The withdrawal would stop the capacity and customer charge.

LW expressed concern with sites recorded as isolated but later found to be consuming gas. She suggested that a process is required to ensure a Shipper reconfirms such sites.

SM asked about the data follows in electricity and what the costs were for implementation; he also asked whether this was a significant implementation or simply a flag on the system. SM questioned if there is no access to a meter and inability to obtain readings what would be entered into the system.

CW was mindful of other groups looking at unallocated gas and how this proposal would impact this.

JM questioned what rights would the supply point have to capacity previously had on site if the AQ was reduced to 1. If a site is long term vacant what rights do they have to the capacity. RS was concerned with reducing the AQ to 1, he believed it was not necessarily the solution. KK was keen to understand how an increase in an AQ would be managed for sites that remain live. It was acknowledged that there was a lag effect, which is being addressed with the Rolling AQ proposal.

It was agreed that as the proposal has been submitted to the UNC Panel with a request for it to be developed further that the issues raised today will be considered as part of the proposals development.

### **3. Topics**

#### **3.1. 040Dis, Disconnection Process**

See Action Dis0803. This item was deferred until the next Distribution Workstream.

### 3.2. 0043Dis, Mechanism for Correct Apportionment of Unidentified Gas

See Action Dis0803. This item was deferred until the next Distribution Workstream.

### 3.3. Any New Topics

#### 3.3.1. Removal of Bottom Stop SOQ

CW provided a presentation on the output of the UNC0264, Review Group 0275 and the need for a longer-term solution. He confirmed that the regime needs to be looked at in anticipation of interruption reform. It was noted that within the Ofgem decision letter for UNC0275 there was a need for an enduring modification with comprehensive analysis on the impacts particularly in regards to the share of costs.

CW confirmed that 10 reductions on capacity have been undertaken in this years tranche. He provided a presentation on the reductions and the reasons for reduction. The impact of these resulted in a 0.02% price increase.

Within the presentation CW provided the definition of the Bottom Stop SOQ (BSSOQ). He explained the relationship of the BSSOQ with unit rates. He also explained that the incentive to overstate the capacity has been removed by recent interruptible regime changes.

CW confirmed that the proposal will be to remove the BSSOQ from the UNC, but there will be a need to demonstrate that this is the right thing to do and welcomed feedback. He explained that there will be no requirement to record or annually recalculate the BSSOQ.

He explained the Supply Point Ratchet charge and the consideration to apply the ratchet on any day within the Gas Year rather than limiting it to the winter period.

CW was keen to receive feedback on the proposal.

RS highlighted that all of these charges would be passed on to consumers and the one issue for Corona around ratchets would be for the odd sites where it is difficult to get hold of capacity. He was concerned that such customers risk being hit with ratchets all year round rather than limited to winter.

CH asked if there could be an exception for sites on the extremes of the network, it was recognised some constraints faced by customers are placed upon them due to their location.

It was deemed generally acceptable to have ratchet charges apply all year round but further consideration is required for customers for circumstances beyond their control that maybe impacted by the change.

CW explained that due to the regime change there would need to be a big lead time to implement. He also confirmed that this would not be a User Pays modification.

**Action 0202:** All parties to provide feedback on the removal of BSSOQ and a Ratchet Regime change proposal to National Grid Distribution to allow development of the draft proposal.

## 4. AOB

## 5. Diary Planning for Workstream

Thursday 25 February 2010, 10:00, Elexon, 350 Euston Road, London

Thursday 25 March 2010, 10:00, Elexon, 350 Euston Road, London

Thursday 22 April 2010, 10:00, Holiday Inn, 61 Homer Road, Solihull  
Thursday 27 May 2010, 10:00, Elexon, 350 Euston Road, London  
Thursday 24 June 2010, 10:00, Elexon, 350 Euston Road, London  
Thursday 22 July 2010, 10:00, Holiday Inn, 61 Homer Road, Solihull.

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**Distribution Workstream Action Table**

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
Dis0803	27.08.09	3.4	National Grid Distribution (AR) to examine the possible timelines for a contracted disconnection service without access to customer premises.	National Grid (AR)	Closed. Topic deferred until April.
Dis1003	22.10.09	3.5.2	EDF to provide some statistical evidence of threshold crossers from their portfolio.	EDF Energy (SL)	Carried Forward
Dis1101	26.11.09	2.1	UNC0248 - Shippers to provide an indication of likely demand/volume for read replacements or a confirmation of intent to use this service by 12 February 2010. If adequate information is not provided xoserve will produce a ROM assuming levels of demand in useful blocks.	All Shippers	Carried Forward
Dis0101	15/01/20	2.1	0248 – Amended Modification Proposal to be provided and inserted into the Draft Workstream Report.	EDF Energy (SL)	Complete
Dis0102	15/01/20	2.2	0271 - ROM to be produced on removing the 20% rule from the UNC in addition to the existing ROM.	xoserve (LW)	Carried Forward
Dis0103	15/01/20	2.2	0271 – Transporters to consider the inclusion of ROM requests and their status within the UNC Modifications Register.	Transporters	Carried Forward
Dis0104	15/01/20	2.3	0279 - xoserve to consider the reads that have failed tolerances and the likely costs of producing information on all portfolio gains within the ROM	xoserve (LW)	Carried Forward
Dis0105	15/01/20	4.4	xoserve to request an email address from Shippers for the delivery of monthly Demand Estimation Reports.	xoserve (LW)	Complete



Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
Dis0106	15/01/20	4.5	Transporters and Shell Gas Direct to consider and further develop the principles of UNC0229	Transporters and Shell Gas Direct	Complete
Dis0201	02/02/10	2.3	UNC0279 - Transporters to liaise with the proposer regarding the implementation date and the provision of information via IX or DVD.	Transporters and GDF Suez (PB)	Pending
Dis0202	02/02/10	3.3.1	All parties to provide feedback on the removal of BSSOQ and a Ratchet Regime change proposal to National Grid Distribution to allow development of the draft proposal.	All	Pending