

Review Group 0162 Minutes Thursday 29 November 2007

National Grid Office, 31 Homer Road, Solihull B91 3LT

Attendees

Julian Majdanski (Chair)	(JM) Joint Office of Gas Transporters
Mike Berrisford (Secretary)	(MiB) Joint Office of Gas Transporters
Alison Russell	(AR) Centrica
Anna Taylor	(AT) Northern Gas Networks
Bernard Kellas	(BK) SSE
Denis Aitchison	(DA) Scotia Gas Networks
Dennis Timmins	(DT) RWE Npower
Fiona Upton	(FU) EON UK
John Edwards	(JE) Wales & West Utilities
Laura Lyons	(LL) ScottishPower
Stefan Leedham	(SL) EDF Energy
Steve Armstrong	(SA) National Grid Distribution
Steve Edwards	(SE) Wales & West Utilities
Steve Marland	(SM) National Grid Distribution
Sundee Klair	(SK) Energy Networks Association

1. Review of Minutes and Actions

1.1 Minutes

The minutes of the 01 November 2007 meeting were accepted.

1.2 Review of Actions

RG0162 0003 – see 2.1 below.

RG0162 0006 – Completed.

Action RG0162 0006: Closed

2. Review Group Process

2.1 Allowed and Collected DN Revenue

SE stated that WWU can support the proposed level of reporting as agreed at the previous meeting. SM agreed with this basic stance, but would be concerned about providing operational information that could lead to inappropriate investor signals and consequently have an impact upon share prices. DA confirmed Scotia are happy with the proposed level but could not support the release of operational or RAV related information. AT confirmed Northern were also able to support the proposed level of information but as a single line and not to split out incentive and pass through information. AR said she would prefer to have the incentive and pass through information split out, but this could be covered in Centrica's consultation response.

SE agreed to work with DT & AR to develop a revised Modification Proposal to replace 0160.

All DNs confirmed their intention to publish the requested information (without prejudice) in January 2008.

The appropriate route to take forward the various aspects of the work was discussed. DA advised that he would not be happy to provide information for beyond the current price control period and suggested that the best source for advanced information relating to future pricing may well be Ofgem. SM supported this view, suggesting that the Transporters may fall foul of Ofgem if they try to predict charges outside the accepted framework.

Dates for releasing the reports were considered, and it was agreed that ten business days after the close of a month could be accommodated by all the DNs, resulting in agreement of the following timetable:

Publication Date	Information Coverage
January 2008	Up to the end of Nov 2007
April 2008	Up to the end of Feb 2008
July 2008	Up to the end of May 2008
October 2008	Up to the end of Aug 2008

JM suggested that this timetable should be reflected within any Modification Proposal.

Discussions culminated in broad agreement that:

- 0160 will not be withdrawn until publication of a satisfactory report in January 2008 or a new Modification Proposal is successfully up and running;
- A new Modification Proposal will be raised to formally implement the agreed solution for the provision of information, and
- Review Group 0162 will continue its work primarily to develop governance arrangements (limited to changes to the table of required information) to complement the new Modification Proposal, should it be implemented.

Action RG0162 0003: Closed

Action RG0162 0007: WWU, RWE and Centrica to coordinate development of a new Modification Proposal to replace 0160.

2.2 UNC Modification Proposal 0160 – Completion of Workstream Report

In light of the progress in 2.1 above, it was agreed to defer this item.

2.3 UNC Review Proposal 0162 – Governance Considerations

JM explained that a number of UNC Ancillary Documents can be amended following consultation and subsequent Panel Majority approval of the Uniform Network Code Committee (UNCC). If the UNCC did not approve a proposed amendment, there was always the option whereby amendments could be proposed via a formal UNC Modification Proposal, and so be subject to Ofgem direction rather than UNCC approval. Attendees agreed that a unanimous vote would be their preferred choice were the UNCC approval route to be followed. However there

was concern that as NTS information would not be included in the report, NTS may consider it had no role in approving any changes.

Summarising, JM suggested that what is being considered is almost the adoption of a DCMF type governance model. JM and the DN representatives agreed to take an action to investigate this solution with their respective legal contacts and to report their findings at the next meeting.

AR said she would be unhappy to see the provisions of NC Modification 0698 being removed before the report is deemed to be working as expected. JM pointed out that the Group can recommend removal of the 0698 provisions within the Review Group Report and any subsequent UNC Modification Proposal, if they so wished.

Action RG0162 0008: JM to obtain a legal view from DNs on the adoption of a DCMF style governance model for amending the information in the report.

3. Diary Planning for Review Group

It was agreed to next meet on Monday 21 January 2008, preferably in London.

4. AOB

Impact of 2007 AQ Review on DN Collected Income

SE highlighted that the outcome of the AQ review that has just taken place has been an unanticipated drop in capacity related income compared to that assumed in the October price rises. There is a possibility that collected income will now be lower than anticipated for 2007/8 which may lead to an under recovery in 2008/9. The level of under recovery is dependent on what shortfall will be taken up by any additional throughput volumes or other factors. The DNs will give an update at the next Review Group meeting. The Transporters also highlighted that AQ review impacts will be a factor in future pricing decisions.

Next Distribution Charging Methodology Forum (DCMF) Meeting

In light of the progress made, the appropriate time for a DCMF meeting was considered. Agreement was reached that this should coincide with the January 2008 Review Group meeting. MiB agreed to arrange and confirm the meetings.

Action RG0162 0009: MiB to arrange DCMF and RG0162 meetings for Monday 21 January 2008, preferably in London.

APPENDIX A

ACTION LOG - Review Group 0162

Action Ref	Meeting Date	Minute Ref (Org Ref)	Action	Owner	Status Update
RG0162 0003	13/08/07	2.1 (4.0)	Members to review Network Code Modification 0698: consider current information availability and the additional data items required.	All (SE/AR)	Shipper views obtained. Closed
RG0162 0006	01/11/07	1.2 (3.0)	Joint Office to arrange meeting on 29 November 2007 in the Solihull area.	Joint Office (MiB)	Completed. Closed
RG0162 0007	29/11/07	2.1	WWU, RWE Npower & Centrica to develop a new Modification Proposal to replace 0160.	WWU, RWE & Centrica (SE/DT & AR)	Update due at 21/01/08 meeting.
RG0162 0008	29/11/07	2.3	JM to obtain a legal view from DNs on the adoption of a DCMF style governance model for amending the information in the report.	Joint Office (JM)	Update due at 21/01/08 meeting.
RG0162 0009	29/11/07	AOB	MiB to arrange DCMF and RG0162 meetings for Monday 21 January 2008 preferably in London.	Joint Office (MiB)	Completed 29/11/07.