

Distribution Workstream Minutes

Tuesday 08 June 2010

Renewal Conference Centre, Lode Lane, Solihull, B91 2JR

Attendees

Bob Fletcher (Chair)	BF	Joint Office
Helen Cuin (Secretary)	HC	Joint Office
Andy Miller	AM	xoserve
Bali Dohel	BDo	Scotia Gas Networks
Cesar Coelho	CC	Ofgem
Chris Warner	CW	National Grid Distribution
Dave Turpin	DT	xoserve
David Watson	DW	British Gas
Gareth Evans	GE	Waterswye
Jemma Woolston	JW	Shell Gas Direct
Joanna Ferguson	JF	Northern Gas Networks
Joel Martin (teleconference)	JM	Scotia Gas Networks
Jonathan Wisdom	JW	RWE npower
Linda Whitcroft	LW	xoserve
Lorraine Kerr	LK	Scottish Power
Mark Jones	MJ	SSE
Phil Lucas	PL	National Grid Distribution
Rachel Nock	RN	xoserve
Richard Street	RS	Corona Energy
Simon Trivella (teleconference)	ST	Wales & West Utilities
Steve Mulinganie	SM	Gazprom

1. Introduction and Status Review

1.1. Minutes from the previous meeting

AM requested an amendment to include an action for Shippers to be provide xoserve the number of MPRNs with potential AQ amendments by the end of July 2010. AM assured Shippers any information provided would be treated confidentially. AM clarified xoserve required a count of MPRNs with a potential AQ amendment which wouldn't normally have been submitted due to the 20% cut off rule.

New Action 0601: Shippers to provide xoserve the number of MPRNs likely to be submitted for an AQ amendment by the end of July 2010.

The minutes from the previous meeting were then approved.

1.2. Review of actions from previous Distribution Workstream meetings

Action 0501: UNC0292/3 - xoserve (AM) to identify whether AQ Review system validation parameters can be released to indicate why amendments are passed for manual investigation.

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

Action 0502: UNC0292/3 - xoserve (AM) to provide data on numbers passing and failing various AQ Review validation tests, and a profile of when amendments are received.

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

Action 0503: ScottishPower (KK) to amend Proposals 0292 and 0293 in light of Workstream discussion.

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

Action 0504: British Gas (DW) to amend Proposal 0296 in light of Workstream discussion.

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

Action Dis0506: 0046Dis - xoserve to provide two draft ACS charges to Ofgem for their consideration of which methodology better meets the relevant objectives.

Action Update: AM confirmed the draft ACS charges had been provided to Ofgem. BF confirmed Transporters had received a letter from Ofgem.

Complete

2. Modification Proposals

2.1. Proposal 0292: Proposed change to the AQ Review Amendment Tolerance for SSP sites

LK requested that this item is deferred until the 24 June 2010 Meeting.

2.2. Proposal 0293: Proposed removal of the AQ Review Amendment Tolerance for SSP sites

LK requested that this item is deferred until the 24 June 2010 Meeting.

3. Topics

3.1. 0046Dis, Mechanism for Correct Apportionment of Unidentified Gas Guidelines Document

BF confirmed that Ofgem have now approved Proposal 0229.

PL provided an overview of the proposed timeline and actions required to support implementation.

The next key step was to agree the guidelines and seek approval by the UNC committee. It was recognised that the Proposal would need to be implemented before the modified guidelines could be approved.

GE proceeded to highlight the changes made. The Workstream reviewed the guidelines document line by line to ensure all the amendments requested on version 1.3 had been captured in version 1.3.3 and consider further amendments.

AM suggested that the guidelines need to be clear that the appointed expert develop the methodology from which the AUG statements can be derived.

A number of amendments were agreed and made to the Guidelines.

CW requested that the guidelines are reviewed to ensure all the terms used are consistent ie. Reference to Gas Transporter should be Transporter and capitalisation where necessarily. PL agreed to assist with this exercise in addition to paragraph numbering.

The time given to the AUGE to produce a methodology was discussed and how the consultation process/time for Users and AUGE was apportioned. If

the timeline is constrained it was suggested the AUGE may have to appoint more resources to achieve the deadline, which may cost more money.

LW asked about the Tender process and what information parties would be allowed to have before a contract is entered into. RS believed there could be enough information in the public domain for prospective AUGEs to judge their ability to produce a methodology.

DW asked if the Panel are allowed to reduce the consultation timelines to allow additional time to produce the methodology. GE confirmed that this was not currently in the guidelines.

The query process was discussed and how queries can be submitted through to February in the process. However, it was recognised that the AUGE may have to carry forward consideration of issues the next time the process runs.

The length of the contract was considered. LW expressed concern of having a long-term contract it was determined that a short-term contract may be preferable initially, with the option to roll the contract over.

Action 0602: Transporters to consider and clarify how they are going to apply the tendering process.

Where there is a failure to agree terms with an AUGE in time to start the process, the ability for the UNC committee to apply the current AUGS or allow more time was discussed. The voting process was also considered and it was anticipated this would work by a majority vote. DW wished to explore this further and wondered if it needed to be more specific. SM suggested a caveat. RS provided an alternative solution whereby the UNC committee may by unanimous vote apply volumes deemed appropriate. LW wished to understand the system impacts.

LW asked about the recording of queries, as this may be useful to determine the point at which queries were submitted. It was recognised that the AUGE will have complete control over the classification of queries in respect of the current period. The ability for queries to be submitted to the AUGE after close out of the period was also discussed, these can be considered by the AUGE in the future as a safety net.

JF highlighted that depending on the methodology queries submitted after the final AUGS may become redundant depending on the new methodology.

Some debate occurred about the query process and the timelines given to submit queries and the allowed period for responses. Consideration was given to queries that may be submitted after the deadline. SM explained that there is an additional protection, which was added to allow code parties to provide responses to the final AUGE document. The meeting process and timing of submissions was considered. The production of the AUGE report was considered and the benefit of providing further responses to the final report. It was agreed that a meeting should be held by the AUGE to discuss the submissions. LW suggested the meeting may wish to be held during the consultation process to allow the industry to consider the AUGE's draft report, this could then be followed by a further period of time to comment on the draft report keeping the 1st July for the final meeting. The query process and timescales were adjusted.

LW questioned the ability to change the final AUGS.

The inclusion of the UNC Panel was challenged and subsequently removed the UNC Panel from the approval process as it was determined that the committee should provide adequate governance.

LW asked what was the absolute cut off for changing the methodology. It was confirmed 01 January was the final cut off point.

The use of forward gas prices was challenged. JF expressed concern for the Gas Transporters estimating the charges in advance of the final determination. JF explained that due to internal processes each Transporter might have a slightly different view on forward gas prices. AM questioned if the projection of actual charges was required if the methodology was available. AM/LW believed that xoserve do not have permission to publicly publish actual charges. RS explained that this is for transparency. It was agreed that the reference to charges needed reconsidered. It was suggested that this be changed to the rate, as the charge implied the actual invoice value. To understand the impact to Shippers, they needed to understand the market volume, rate and hopefully an indicative gas price. RS explained that the market volume would also need to be split by NDM and DM to assist with customer transparency.

It was considered whether there should be an alternate approach with three different change options - one for the AUGE to publish the estimated charge, one for the Gas Transporters to publish the estimated charge and one for the publication of volumes only. It was noted that the amendments included in version 1.3 was to publish volumes only.

Action 0603: GE/PL to update the amended Guidelines to include three options for UNCC consideration and approval.

It was then debated that if the AUGE does not undertake this roll the section did not apply within the appointment guidelines. GE questioned if it was possible for the Joint Office to assign a suitable title however it was highlighted that the title of the document cannot be re-tilted as it is referenced to in UNC0229.

AM challenged the committee having a say on whether to recommend the appointment or continued appointment of the AUGE. He highlighted this may be a problem for xoserve as there is a set of delegate authorities for xoserve to only contract with parties that are in xoserve interests. The use of the word recommended was discussed but not altered.

Some concern was expressed about the actual tendering process and the ability to recommend the reappointment of an existing AUGE as it would be difficult to gauge in the first run of the process whether the existing AUGE's quality of service delivered was acceptable or whether it fulfilled its obligations. It was highlighted that the first appointment could be for 2 years. GE was persistent in having the Committee providing a recommendation in regards to the appointment of the AUGE. However AM reiterated his expressed concern and highlighted a potential inconsistency between section 3 and section 9. CW provided a quote from the UNC0229 Legal Text with regards to the liabilities of the Transporters.

AM questioned when the committee would be formed and asked if meetings could be organised it was anticipated that meetings could be held on 28 June, 16 July and 29 July with a Solihull venue preferred.

3.2. AOB

3.3. Diary Planning for Workstream

Thursday 24 June 2010, 10:00, Elexon, 350 Euston Road, London

Thursday 22 July 2010, 10:00, Holiday Inn, 61 Homer Road, Solihull

Thursday 26 August 2010, 10:00, Elexon, 350 Euston Road, London

Thursday 23 September 2010, 10:00, Elexon, 350 Euston Road, London

Thursday 28 October 2010, 10:00, 31 Homer Road, Solihull

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

Distribution Workstream Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
Dis0501	27/05/10	2.3	UNC0292/3 - Identify whether AQ Review system validation parameters can be released to indicate why amendments are passed for manual investigation.	xoserve (AM)	Carried Forward
Dis0502	27/05/10	2.3	UNC0292/3 - Provide data on numbers passing and failing various AQ Review validation tests, and a profile of when amendments are received	xoserve (AM)	Carried Forward
Dis0503	27/05/10	2.4	Amend Proposals 0292 and 0293 in light of Workstream discussion.	ScottishPower (KK)	Carried Forward
Dis0504	27/05/10	2.5	Amend Proposal 0296 in light of Workstream discussion.	British Gas (DW)	Carried Forward
Dis0506	27/05/10	3.4	0046Dis - Provide two draft ACS charges to Ofgem for their consideration of which methodology better meets the relevant objectives.	xoserve (AM)	Complete
Dis0601	08/06/10	1.2	Shippers to provide xoserve the number of MPRNs likely to be submitted for an AQ amendment by the end of July 2010.	All Shippers	Carried Forward
Dis0602	08/06/10	3.1	Transporters to consider and clarify how they are going to apply the tendering process.	Transporters	Pending
Dis0603	08/06/10	3.1	Update the amended Guidelines to include three options for UNCC consideration and approval.	Waterswey and National Grid Distribution (GE and PL)	Completed