

# Review of Mod 640 Validation Arrangements for when a Change of Supplier has occurred

## Review Group (UNC0272) Minutes

Thursday 11 March 2010

Renewal Centre, Lode Lane, Solihull

### Attendees

Bob Fletcher (Chair)	BF	Joint Office of Gas Transporters
Helen Cuin (Secretary)	HC	Joint Office of Gas Transporters
Chris Warner	CW	National Grid Distribution
Darren Lindsey	DL	E.ON Energy
David Watson	DW	British Gas
Dean Johnson	DJ	xoserve
Joel Martin *	JM	Scotia Gas Networks
John Welsh *	CH	RWE npower
Linda Whitcroft	LW	xoserve
Mark Jones *	MJ	Scottish and Southern Energy
Martin Attwood	MA	xoserve
Stefan Leedham	SL	EDF Energy

\* 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 meeting

**Action RG0272 0003:** Shippers to consider the materiality of the number of 0640 queries likely to be raised.

**Action Update:** DW believed that there wouldn't be a significant volume generated from British Gas. JW also believed queries would be low having looked at the number of queries unable to validate. It was agreed to leave this action open to enable actual figures to be collated by the Joint Office and captured within the Review Group Report. **Carried Forward.**

**Action RG0272 0004:** All to consider the provision of information on all confirmations during the period the Supply Point has been charged for.

**Action Update:** SL questioned the trigger for information provision and whether this ought to be for all confirmations or just for losses. LW suggested it might be possible to produce a report for each. SL believed that Shippers would mainly be interested in the losses to its portfolio. It was suggested that xoserve investigate the feasibility of providing reports on all confirmations and lost sites. **Carried Forward**

**Action RG0278 0005:** xoserve to develop a timeline for the next meeting for further consideration.

**Action Update:** It was agreed that a dispute process timeline could not be undertaken until the process has been developed. **Closed.**

**Action RG0272 0006:** xoserve to provide the value of the Mod 640 invoice for 2009.

**Action Update:** LW provided the details of the Reconciliation Invoice. Total invoice value for 2009 was £24.99 million. It was agreed to include this information within the modification. **Complete.**

**Action RG0272 0007:** xoserve to consider whether date of AQ change would have an impact on the modification proposal.

**Action Update:** LW confirmed that the reconfirmation date would provide the date of an AQ change. LW explained that anything other than the 01 October would be an amendment as a result of an appeal. It was agreed to include this information within the modification. **Complete.**

**Action RG0272 0008:** xoserve to confirm if the Mod 640 invoice is charged by supply point or supply meter point.

**Action Update:** MA confirmed that the Mod 640 invoice charged is by supply point. **Complete**

**Action RG0272 0009:** xoserve to investigate the possibility of reporting the number of threshold crossers and how this could be reported.

**Action Update:** LW confirmed that threshold crossers are already reported to relevant Shippers through the AQ Review Process. DL asked if a copy of the existing report could be manipulated and issued to the outgoing Shipper. LW explained that providing a new report might be easier than manipulating an existing report. She anticipated that it would more efficient to take a snapshot of the information required. LW confirmed a rule analysis has been submitted for further consideration. SL recognised that delivering a snapshot wouldn't include any AQ appeals after that date but LW explained the appeal window cut off and the snapshot could allow Mod640 charges to be avoided where appropriate. DL expressed concern about delayed reporting and restricting the window for allowed appeals. SL recognised the possibility of running a reporting mechanism at the beginning and towards the end of the process. DW expressed concern about the cost of running two reports. The earlier report would provide early indication of required validations. SL wished to understand the most cost effective solution of providing the reports. **Complete.**

**Action RG0272 0010:** EDF Energy to provide an amended modification to allow xoserve to undertake a rule analysis.

**Action Update:** BF confirmed the completion of this action. **Complete**

## 2. Review Group Discussion

SL provided a presentation recapping the previous meeting and to establish some high-level business rules.

He suggested looking at governance within the Review Group.

SL questioned if the process needs to be end dated. DW initially believed this would be a good idea to manage liabilities. The end date was considered and whether this ought to be line with Mod640 invoice. The impact to accruals was considered it was anticipated that February would be an ideal end time.

Review Group also discussed having an open-ended process with fixed response timelines. It was considered if 10 days response time would be sufficient considering potential volumes.

LW asked what would happen if a Shipper agreed that the site should be SSP and the charge should not have been a Mod604 charge it was the inability to appeal and change the meter reads to avoid the Mod640 charge was an issue. SL challenged that a Shipper should not be charged Mod640 charges for previous errors.

LW suggested that a set of scenarios could be developed to gain a better understanding.

DL suggested that the xoserve Mod640 invoice charge should be issued as now and an intershipper dispute managed to allow credit and debits to be agreed and charged in the form of the ISD process. This would reduce the need for xoserve to raise ad-hoc invoices. DW asked about the rules within the ISD process and the reasonable endeavours to reach agreement.

CW suggested that the UNC is Transporter/Shipper document and prevents Shipper to Shipper obligations being placed within the UNC. DW challenged this and suggested this may want to be considered further. He suggested a legal view should be obtained. SL recognised that intershipper invoices would make it difficult to have the rules in the UNC. However, if xoserve control the invoice process then the rules need to be in the UNC.

**Action RG0272 0011:** National Grid Distribution to obtain a legal view on Shipper of Shipper obligations being placed within the UNC.

DL questioned if different allocations could be agreed between Shippers. He explained the scenario where an increase in consumption may have occurred over a period of time the site was owned without an opportunity to amend the AQ.

LW suggested that valid and invalid disputes should be outlined.

SL agreed to outline valid and invalid queries.

**Action RG0272 0012:** EDF Energy to develop a definition of valid and invalid queries.

DL questioned what would happen if a site was taken on 01 October 2010 and needed a correction for a rollover. MA explained the appeal window, which allowed the avoidance of Mod 640 charges for when an incorrect AQ has been identified due to a meter roll over. Appeals can be only submitted between October and December for the previous gas year.

LW explained for xoserve to bill Shippers they would need to warrant that all Shippers involved agreed to the allocations. LW explained that any allocation would need to be clear including the period and total percentage allocation of the Mod 640 invoice.

SL questioned when would xoserve need to be notified of the billing requirements for the ad-hoc invoices.

LW highlighted that there may be other solutions for billing Shippers. SL had a preference for xoserve undertaking the invoices. LW asked about the refusal to pay and how this could be managed, as this is not a service like this at the moment and questioned if it is appropriate for xoserve to manage this.

**Action RG0272 0013:** xoserve to confirm the cut-off date for ad-hoc invoice charge requests.

**Action RG0272 0014:** National Grid Distribution to consider the ramifications of the Transporter operating the invoicing process.

### **2.1. Query Materiality**

SL confirmed that more time is needed to consider Query Materiality see Action RG0272 0003.

### **2.2. Information Provision**

SL provided a draft Modification Proposal. SL summarised the changes made to the proposal. He agreed to update the proposal with the figures provided by xoserve.

DW suggested data protection should be considered with regards to the information provision in particular the dates of change of supplier.

**Action RG0272 0015:** Review Group to consider any data protection issues with the information required within the report to be provided to Shippers.

DW asked about the funding and whether the charges would be levied by Shipper short code. LW confirmed all the xoserve processes are done by Shipper short code.

## **3. AOB**

None

## **4. Diary Planning for Review Group**

13:00 Wednesday, 28 April 2010, Renewal Conference Centre, Solihull

13:00 Monday, 24 May 2010, venue to be confirmed

It was agreed to discuss invoicing and draft business rules at the next meeting.

**ACTION LOG - Review Group 0272**

<b>Action Ref</b>	<b>Meeting Date</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Owner</b>	<b>Status Update</b>
RG0272 0002	10/12/2009	4.0	Develop an initial work plan for the first meeting on 14 January 2010.	EDF (SL)	Complete
RG0272 0003	14/01/2010	2.1	Shippers to consider the materiality of the number of 0640 queries likely to be raised.	All Shippers	Carried Forward
RG0272 0004	14/01/2010	2.1	All to consider the provision of information on all confirmations during the period the Supply Point has been charged for.	All	Carried Forward
RG0272 0005	11/02/2010	2.3	xoserve to develop timeline for the next meeting for further consideration.	xoserve (LW)	Closed
RG0272 0006	11/02/2010	2.3	xoserve to provide the value of the Mod 640 invoice for 2009.	xoserve (LW)	Complete
RG0272 0007	11/02/2010	2.3	xoserve to consider whether date of AQ change would have an impact on the modification proposal.	xoserve (LW)	Complete
RG0272 0008	11/02/2010	2.3	xoserve to confirm if the Mod 640 invoice is charges by supply point of supply meter point	xoserve (LW)	Complete
RG0272 0009	11/02/2010	2.3	xoserve to investigate the possibility of reporting the number of threshold crossers and how this could be reported.	xoserve (LW)	Complete
RG0272 0010	11/02/2010	2.3	EDF Energy to provide an amended modification to allow xoserve to undertake a rule analysis.	EDF Energy (SL)	Complete

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
RG0272 0011	11/03/2010	2.0	Obtain a legal view on Shipper to Shipper obligations being placed within the UNC.	National Grid (CW)	Pending
RG0272 0012	11/03/2010	2.0	Develop a definition of valid and invalid queries.	EDF Energy (SL)	Pending
RG0272 0013	11/03/2010	2.0	Confirm the cut-off date for ad-hoc invoice charge requests.	xoserve (LW)	Pending
RG0272 0014	11/03/2010	2.0	Consider the ramifications of the Transporter operating the invoicing process.	National Grid (CW)	Pending
RG0272 0015	11/03/2010	2.2	Review Group to consider any data protection issues with the information required within the report to be provided to Shipper	Review Group	Pending