

**Development Work Group 0270 Minutes**  
**Wednesday 16 June 2010**  
**Renewal Conference Centre, Lode Lane, Solihull, B91 2JR**

**Attendees**

Tim Davis (Chair)	TD	Joint Office
Helen Cuin (Secretary)	HC	Joint Office
Chris Hill	CH	First:Utility
Chris Warner	CW	National Grid Distribution
Dave Watson	DW	British Gas
Fiona Cottam	FC	xoserve
Gareth Evans	GE	Waters Wye
Jonathan Wisdom	JW	RWE npower
Mark Jones (teleconference)	MJ	SSE
Sallyann Blackett	SB	E.on UK
Scott Miller	SM	Scottish Power

**1. Introduction and Status Review**

TD welcomed all to the meeting.

**1.1. Minutes from Previous Meeting**

The minutes of the previous meeting were accepted.

**1.2. Review of action from previous meeting**

**Action RG0270 06:** xoserve to provide indicative costs for expanding the maximum number of Supply Points capable of receiving the DM Elective service.

**Action Update:** It was agreed that this action had been superseded given development of the business rules. **Closed.**

**Action RG0270 07:** JBr to issue a note requesting that Shippers provide to Ofgem likely take-up levels under each of Options 1, 3a and 6.

**Action Update:** It was agreed that this action had been superseded given development of the business rules. **Closed.**

**Action RG0270 08:** JBI to provide an anonymised summary of indicated demands under Action 07.

**Action Update: Closed**

**Action RG0270 09:** RH and AR to develop an initial draft of Business Rules to support Option 6 – LSP Elective.

**Action Update:** Draft Business Rules developed. See item 2.1. **Complete.**

**Action RG0270 10:** JBr to ask the Panel for an extension of the time to report.

**Action Update:** Extension granted until 19 August 2010. **Complete.**

## 2. Development Group Discussions

### 2.1. Consideration of Business Rules

The Development Work Group considered the provided Draft Business Rules, with suggested changes captured on screen during the meeting.

#### Section 1.

DW questioned the position of pre-payment meters. CH explained that First Utility did not have any particular position on excluding pre-payment meters (PPMs). However it was recognised that the inclusion of pre-payment meters could significantly change the demand for the service, which may be significant depending on any volume limits which are required to implement the proposal.

DW agreed to provide evidence of consumption drop off when PPMs are installed, such that the case for the Proposal applies to PPMs. He also confirmed that meter readings were provided when vending, and there was a contractual requirement to vend weekly.

**Action RG0270 11:** British gas to provide evidence on consumption reductions following PPM installation.

**Action RG0270 12:** DW and FC to establish the likely volume of British Gas PPMs able to use this service and assess if this would materially impact what service is available.

FC expressed a concern with the significant volumes of pre-payment meters she suggested that there may be a practical limit on what volume was manageable.

The group also debated whether other cases should be included when at least monthly readings are available but no automated reading equipment is installed.

#### Section 2.

CW expressed a preference to refer to current UNC definitions throughout the Business Rules. He suggested rather than stating 30-days in section 2 that the term monthly is used. It was agreed the reference to the 30-day frequency could be removed.

Consideration was given to supply points that may have more than one meter on site and remote meter reading equipment is attached to one of the meters on site. It was envisaged that sites of this nature would be excluded.

FC expressed concern that 2.3.1 states a solution for xoserve. She highlighted that the solution has not been designed and xoserve will need to decide on how to design systems to meet the business rule requirements. It was agreed to remove sections 2.3.1 and 2.3.2.

FC highlighted that the Transporters have no visibility of individual SSP CSEP supply points. FC suggested that the iGT UNC could manage this if this was required. For the avoidance of doubt a statement was added to section 2 to clarify the exclusion of CSEP SSPs.

#### Section 3.

Must Read obligations were considered and the period assigned to obligating a must read. DW challenged the benefit of requiring a must read every 4 months and whether this justified the costs involved. SB questioned why Shippers wouldn't want to undertake more checks - she suggested that if the readings were not being provided, the must read process would incentivise parties to withdraw from the service. CW expressed concern about using the must read process as an incentive in this manner. It was suggested that an alternative solution to incentivising parties could be considered.

FC highlighted that current annual read sites have must read obligation of 24 months, whereas monthly read sites have a must read obligation of 4 months. CW highlighted that a 12 month obligation did not currently exist.

It was agreed that the Network Code Reconciliation Suppression Guidelines would need to be reviewed and amended.

**Action RG0270 13:** xoserve to consider the appropriate changes to the Network Code Reconciliation Suppression Guidelines and discuss these at the July Distribution Workstream.

**Action RG0270 14:** CW to clarify the current USRV process to determine that no change is required.

#### Section 4.

A debate occurred on the read submission and ability to submit reads more frequently than monthly. FC expressed concern if reads were submitted, for example, every 7 days: the system capability and capacity implications would have to be considered. If every meter took this up, this could restrict the facility due to the read and reconciliation capability. SB asked if a system could be built to only reconcile on monthly reads - if additional reads are provided these can be ignored for reconciliation.

GE suggested that the reference to monthly readings should be in line with current provisions and it would be worthwhile understanding the scale of costs to meet different options. GE expressed concern about running two different systems, such as whereby one part of the market could submit reads more frequently and this process that couldn't. He suggested the possibility of a phased implementation.

CH expressed that if the modification would not enable the market to submit more frequent reads similar to the monthly read market he would need to consider this further.

It was agreed that the read frequency needs to be considered and costs confirmed through a ROM as to whether more than one read per month can be accommodated, with GE emphasising there should be no reduction in the options available to existing monthly read supply points.

It was agreed that the Transporters would request a ROM to consider the costs with and without investment to overcome any capacity restraints.

**Action RG0270 15:** Transporters to consider meter read frequency and the costs associated through the provision of a ROM.

CW highlighted that currently the UNC does not address any drift or reconciliation between the meter and the AMR equipment. FC confirmed that there would be a cost associated with undertaking drift reconciliations.

The use of all types of meter reads triggering reconciliation was discussed. It was suggested that all readings permitted within the UNC should trigger a reconciliation. SB highlighted that this could result in a reconciliation being undertaken every 7 days if a meter reading was submitted. Site transfers were considered and the use of estimated transfer reads.

The submission of read volumes was considered and how peaks may be avoided. DW wasn't sure how this could work in practise but understood the advantage of spreading out the provision of information.

#### Section 5.

Reconciliation and the use of NDM Allocation Factors were discussed.

#### Section 6.

Demand for the service was discussed and if there is going to be a limited availability a cap may need to be considered to ensure Transporters are not in breach of the UNC once the cap has been reached.

FC confirmed that xoserve would need to review the capability of the calculation processes, reconciliation limits, meter read storage limits, and the impacts on Conquest. FC envisaged this consideration would be undertaken through the ROM process. Shippers were keen to understand the cost of the service, what the potential capacity restraints are and how much it would cost to extend these restrictions if funded.

The use of quotas was considered and difficulties identified, but the use of first come first serve was also concerning in case, for example, one Shipper took up the entire quota. Market allocation processes were possible but potentially complex.

#### Section 7.

Reconciliation by Difference was discussed and suggested changes recorded in the business rules.

#### Section 8.

It was agreed that the AQ Review process would remain unchanged.

Relief of Mod640 charges was considered and added to this section.

#### Section 9.

Change of Supplier was discussed and changes documented.

#### Section 10.

The User Pays arrangements for development and service charges was discussed.

The possibility of slot trading was discussed.

#### Section 11.

Change of status was considered - the incentive for submitting reads was discussed and how parties could be incentivised. It was agreed that this element should be removed.

#### Section 12.

FC explained a number of options for transition. A preference for the third option was expressed.

CW asked xoserve to provide an illustration of the options.

**Action RG0270 16:** xoserve to produce some timelines to demonstrate how the transition options would work.

**Post Meeting Note:** FC provided some timelines and these have been published for consideration on the 28 July 2010 at [www.gasgovernance.co.uk/0270/280710](http://www.gasgovernance.co.uk/0270/280710)

### **3. Development Group Process**

TD noted that the group is due to provide its final report to the August Modification Panel meeting.

### **4. AOB**

None Raised

### **5. Diary Planning for Development Work Group**

It was agreed to meet again on 28 July 2010 at the Renewal Centre, Solihull, in order to finalise the Business Rules and produce an initial draft of the Development Work Group Report.

**ACTION LOG - Review Group 0270**

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
RG0270 006	23/03/2010		xoserve to provide indicative costs for expanding the maximum number of Supply Points capable of receiving the DM Elective service.	xoserve (FC)	Closed
RG0270 007	23/03/2010	2.1	Issue a note requesting that Shippers provide to Ofgem likely take-up levels under each of Options 1, 3a and 6.	Joint Office (JBr)	Jar reported that this action had been superseded by a change in the business rules. <b>Closed.</b>
RG0270 008	23/03/2010	2.1	Provide an anonymised summary of indicated demands under Action 07.	Ofgem (JBI)	<b>Closed</b>
RG0270 009	23/03/2010	2.2	Develop an initial draft of Business Rules to support Option 6 – LSP Elective.	First:utility, National Grid (RH, AR)	<b>Complete</b>
RG0270 010	23/03/2010	4.0	Ask the Panel for an extension of the time to report.	Joint Office (JBr)	Extension granted until 19 August 2010. <b>Complete.</b>
RG0270 011	16/06/2010	2.1	British Gas to provide evidence on consumption reductions following PPM installation	British Gas (DW)	Pending
RG0270 012	16/06/2010	2.1	DW and FC to establish the likely volume of British Gas PPMs able to use this service and assess if this would materially impact what service is available.	British Gas and xoserve (DW & FC)	Pending
RG0270 013	16/06/2010	2.1	xoserve to consider the appropriate changes to the Network Code Reconciliation Suppression Guidelines and discuss these at the July Distribution Workstream.	xoserve (FC)	Pending

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
RG0270 014	16/06/2010	2.1	CW to clarify the current USRV process to determine that no change is required.	National Grid (CW)	Pending
RG0270 015	16/06/2010	2.1	Transporters to consider meter read frequency and the costs associated through the provision of a ROM.	Transporters / xoserve	Pending
RG0270 016	16/06/2010	2.1	xoserve to produce some timelines to demonstrate how the options would work. <b>Post Meeting Note:</b> Published at <a href="http://www.gasgovernance.co.uk/0270/280710">www.gasgovernance.co.uk/0270/280710</a>	xoserve (FC)	Complete