

Distribution Workstream Minutes
Thursday 26 August 2010
Elxon, 350 Euston Road, London NW1 3AW

Attendees

Bob Fletcher (Chair)	BF	Joint Office
Lorna Dupont (Secretary)	LD	Joint Office
Andrew Wallace	AW	Ofgem
Andy Miller	AM	xoserve
Brian Durber	BD	E.ON UK
Carol Williams	CW	Statoil
Chris Hill	CH	First Utility
David Watson	DW	British Gas
Erika Melen	EM	Energy Networks Association
Gareth Evans	GE	Waterswye
Jemma Woolston	JW	Shell
Joanna Ferguson	JF	Northern Gas Networks
Joel Martin	JM	Scotia Gas Networks
Jonathan Wisdom	JW	RWE npower
Lorraine Kerr	LK	Scottish Power
Mark Jones	MJ	SSE
Phil Broom	PB	GDFSuez
Phil Lucas	PL	National Grid Distribution
Richard Street	RS	Corona Energy
Shelley Rouse	SR	Statoil
Simon Trivella	ST	Wales & West Utilities
Steve Mulinganie	SG	Gazprom

1. Introduction and Status Review

1.1. Minutes from the previous meeting

ST questioned the allocation of an action as his responsibility, however he had undertaken to provide a response and this would be delivered later in the meeting.

The minutes of the previous meeting (26 July 2010) were approved.

1.2. Review of actions from previous Distribution Workstream meetings

Action Dis0503: ScottishPower (KK) to amend Proposals 0292 and 0293 in light of Workstream discussion.

Update: LK reported that more analysis was awaited from xoserve before making any further amendments. **Closed.**

Action Dis0601: UNC0292/3 Shippers to provide xoserve the number of MPRNs likely to be submitted for an AQ amendment as soon as possible ~~by the end of July 2010.~~

Update: AM reported that one additional response had been received.
Closed.

Action Dis0601a: xoserve undertake a further extrapolation of the possible AQ amendment demand data provided and provide an appropriate anonymous breakdown of the data. However, contact the relevant Shippers before publishing their information.

Update: AM had provided a slide containing data, in advance of the meeting (available on the JO website). Following analysis it was concluded that potential volumes of AQ Amendments could increase to 14.1 million.
Closed

Action Dis0602a: Provide an interim update on the development of the AUG criteria for publication on the Joint Office website.

Update: PL reported that draft criteria had been tabled at the UNCC meeting, and that parties had agreed to provide comments by 27 August 2010. It was on the agenda for the next UNCC meeting. GE questioned the timescales and it was pointed out that xoserve required sufficient time to review feedback and provide a response. AW asked it was intended to publish progress updates on the Joint Office website. BF confirmed that this was the intention when a progress plan was available for updating.
Closed

Action Dis0603: UNC0292/3 - xoserve to review the AQ Amendment validation filters and consideration given to refining the parameters/rules and the impact this would have.

Update: AM confirmed that a Change Order was in progress and analysis had commenced. A date for the completion of the analysis cannot yet be provided because of the change in scope. An update would be given at the next meeting. **Carried Forward.**

Action Dis0605: UNC0296 - Consideration to be given on the use of a "contemplating" definition.

Update: Covered under agenda item 2.3. **Closed.**

Action Dis0606: UNC0296 - Consideration to be given on the potential controls for the access to the data.

Update: Covered under agenda item 2.3. **Closed.**

Action Dis0607: UNC0296 - DW to update the modification to reflect discussions.

Update: Covered under agenda item 2.3. **Closed.**

Action Dis0608: UNC0313 - Transporters to provide a timeline for scenarios 1,2 & 3.

Update: ST believed this to have been covered at the previous meeting, and the Panel had discussed it. **Closed.**

Action Dis0610: UNC0313 - DW to update the proposal to reflect discussions during the Workstream.

Update: Ongoing. **Carried Forward.**

Action Dis0611: Topic 0045Dis - Update to be provided by WWU on the handling of Emergency situations at priority customer sites.

Update: Covered under agenda item 3.1. **Closed.**

Action Dis0612: Topic 0047Dis - SL to identify possible options for reducing the current transfer timescales.

Update: SL not present at this meeting. **Carried Forward.**

Action Dis0613: Topic 0048Dis - Shippers to provide consumption data for prepayment portfolios to xoserve.

Update: DW reported that no input had been received from other parties, therefore it was his intention to bring forward a Modification Proposal to generate discussion. **Closed.**

Action Dis0614: Topic 0048Dis - xoserve to examine prepayment consumption data and use this to work out an EUC profile and identify any potential costs and benefits of having separate Domestic EUCs.

Update: No data received. **Closed.**

Action Dis0615: Topic 0050Dis - Transporters to identify the number of interruptible sites that could become DMV.

Update: ST stated that 855 was the answer; covered in more detail under agenda item 3.5. **Closed.**

Action Dis0701: British Gas to provide clarification for calculating the charges and billing arrangements appropriate to option 2.

Update: DW confirmed that the same billing arrangements were used as in Modification 0229, and explained his understanding of these. JF asked if this was the same for the retrospective element. DW believed it worked in exactly the same way. SM asked if would be treated as one lump or smeared over 12 months. DW stated that Modification 0313 does not have anything to do with Modification 0229; though further clarity may be needed. AM commented that 0313 and 0229 billing arrangements were different in approach for dealing with the energy, and suggested that the Proposal needed to describe its intentions for energy. DW and AM agreed to confer offline and report back on any further amendments. In response to a question from AW, JF said that 0317/0317A had a totally different billing approach. SM requested that it be made clear in each modification how the retrospective element would be treated in terms of the charges. Responding to AW, DW pointed out that some modifications were compatible and some were not, depending on the interpretation of 0229; 0317/0317A and 0327 looked at different things to 0313. The key question to answer was that if there was a retrospective element how would it be billed? **Closed**

Action Dis0702: ST to provide a legal view on the restriction of the types of recipients of the data items listed in the proposal and seek a legal view on the provision of information under Section V5.5.3. Including sanctions or remedies for breach of the conditions.

Update: ST disputed that this action was his responsibility, however he had discussed this with BF and undertaken to provide a response. Consideration had been given to the following points: whether a company, eg ESTA, could be named in the UNC and whether there were any detrimental effects; and remedies to incentivise non Code parties to behave responsibly in respect of data.

In respect of the first point, additional details might be needed such as company registration number; the Transporters could offer no comment on whether this would be detrimental, and ST suggested that Ofgem might be better placed to take a view.

In respect of the second point, ST pointed out that non Code parties could not be incentivised through UNC, only Code parties. Obligations could be instated on Code parties to have appropriate arrangements in place with non Code parties but these may not be enforceable against the non code party.

SM then observed that this action may have been part of his responsibility along with Dis0703 (completed following last meeting). SM had met with the lawyers; the proposal was to facilitate ESTA but he was happy to change it, and provide further detail. **Closed**

Action Dis0704: Workstream members to consider potential short -term solutions for resolving the shortfall in NDM profiling data.

Update: A written response had been provided by Chris Warner (National Grid Distribution): "Following discussions and feedback received at the July 2010 UNC Distribution Workstream and DESC, NGD is reviewing its relevant processes with a view to taking further measures to meet its obligations regarding the procurement of NDM 'sample' data. NGD will provide a full update at the September 2010 Workstream meeting".

DW reiterated that buying data was a potential solution. ST reported that data requirements had been discussed with xoserve and that testing was going ahead to see if it would actually work and facilitate the requirements. An update would be provided at the next meeting. When closing the action BF requested that parties continue to keep the issue in mind and consider solutions for the interim. **Closed**

1.3. Review of Live Modification Proposals

BF briefly ran through the live Modification Proposals that were not on the agenda for discussion.

0270 – CH advised that the next meeting was scheduled for 15 September 2010 and it should be able to make the October Panel.

0277 – A meeting is planned for 01 September 2010 to go through the issues and prepare the Workgroup Report, for submission to the November Panel. AW commented that it would be useful from Ofgem's perspective to look at the FMRs for 0277 and 0274 together, before the IA planned for February 2011.

0282 – This would be brought back to the next Workstream.

0317/0317A – DW pointed out that it was not clear from where the ICoSS data is sourced. GE responded that it was from xoserve and had been

provided to Mitch Donnelly (British Gas). It was not based on any individual/group of Suppliers. He would be happy to provide/include a source reference.

0327 – GE pointed out it was not clear from where the data is sourced.

Action Dis0801: For 0317/0317A and 0327 - additional data references should be provided to the Joint Office for publication so that responding parties can give this further consideration before finalising their responses for the end of the consultation periods.

***Post Meeting Update:* DW confirmed that the source data used in Modification 0327 was taken in entirety from the xoserve Modification 081 AQ Review Report.**

0329 – The first meeting had been scheduled for 21 September 2010.

1.3.1. Proposal 0274: Creation of a National Revenue Protection Service (update)

BF confirmed that this was on hold for the present.

2. Modification Proposals

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

Responding to Action Dis0601a, AM presented the figures.

In response to questions from the floor, AM confirmed that the responses came from Shippers representing 81% of the SSP market, and that the figure 14.1 million includes the current amendments. Currently, the amendment window was not a flat profile and submissions reached a peak in the last few weeks of the window.

There was concern that the system would not be able to process this volume and enhancements would be required. DW suggested that the flattening of the profile could be more thoroughly explored, as could the impact on xoserve's processes and systems. RS queried the system capacity/capability. SM asked what would happen if the existing capacity per week was doubled.

AM pointed out that the extent of system changes potentially required was still largely unknown as information/profiles was still awaited from other industry parties. DW asked is something could be developed based on a theoretically flatter profile; xoserve cannot process based on assumptions and there were concerns that Shippers should provide more pertinent information beforehand. LK pointed out that it could proceed a bit further now numbers were available from xoserve.

RS was concerned there should be a workable process for all parties, and suggested a penalty option be incurred for leaving submissions to the last minute.

BF indicated that further information was required: from xoserve, through analysis – the maximum that could go through the system, and the number of available days for amendment; and from the industry – Shippers need to calculate how to sensibly and fairly divide the volume across the parties.

AM pointed out that a flatter profile would involve less expense than a peaking profile.

RS thought that tolerances should be reviewed, and the Shippers' submissions could be divided up accordingly; breaches could be penalised or rejected/not processed. AW observed that submissions were profiled there may be some spare capacity on some days, and questioned how this might be efficiently treated. BF believed that the methodology of submission/division would remain the same, and AM believed that the industry could do this now. SM recognised that there could be a mix of commercial and system solutions, but a baseline was still required as was a co-operative approach.

ST pointed out that the Modification did not make the options very clear, and added that speculative work by xoserve is not necessarily efficient. At this juncture SM stated it was his intention to raise a Modification Proposal in respect of the User Pays concept; this was as a result of the process and frustrating experiences to date.

AM restated that 14.1 million was an assessment of the effect of the removal of the cap. LK asked if % below 20% should be considered and not just removal in its entirety. JW added that a baseline view needed to be created, of what the commercial cap is. Other parties questioned: What will be the consequences on the system? Can the industry cope with a flatter profile?

SM reiterated that there would be value in exploring the effects of doubling the existing system daily capacity, the effects on xoserve, and if spread evenly over the whole AQ Review period. MJ believed the volume of proposed amendments would fit in the window if all adopted a flat profile. BF asked if this would involve any system changes. SM added that it was known that breaches occurred currently, and this would probably also continue in the future. MJ suggested that a 5% tolerance was better than zero, but 10% was probably better still to ensure profiles had some flexibility.

DW said doubling the cap would give a peak daily load of 400k amendments', when/where would it move the next percentage to – 5 or 10%. What could be done painlessly or at very little cost.

BF believed that the capacity issue might not be an issue if a profile could be agreed over the 10 week window. AW pointed out that decisions between zero and 5% would require more supporting information to enable Ofgem to decide between the two. AM was happy to review the existing analysis in the light of discussion – some sort of tolerance less than 20%? AW added that some understanding of the system build time might be required, if it was appropriate to get it in for next year.

ST clarified that under the Modification this related to a continuous submission of data, limited to a flat profile, and pointed out that the ROM may therefore require amendment.

ST observed that xoserve needed to know what the Shippers' profiles could be, in order to understand how 15 million amendments over 10 weeks could be dealt with.

BD believed that attention should be given to any relative/related benefits. SM believed that the cost of any system changes should be balanced by appropriate commercial incentives. What would doubling the capacity actually mean? RS pointed out that 'commercial' service providers would approach this differently and come to the table with options and costings.

ST pointed out that doubling the capacity in the system would not help with current behaviours; the profile needed to be properly and appropriately addressed. It would limit the system to a number of reads per week. If

Shippers request this then costs for doubling the capacity would need to be included in the ROM.

AM then agreed to undertake the following:

Action Dis0802: Shippers to submit data for zero, 5%, 10% and 15% on banding to xoserve as soon as possible. xoserve to understand/assess data and undertake further analysis in terms of the information received in terms of banding width provided (zero, 5%, 10% and 15%).

Action Dis0803: xoserve to 1) clarify what the cap would have to be to cope with continuous submissions over the assumed period; and 2) assess the cost of doubling the existing capacity of the system.

Action Dis0804: The Proposer to assess ramifications of profile amendments and consider addressing within the Proposal(s) 0292/0293.

BF asked if there were any further comments in respect of this Proposal.

GE requested that if anything in the subsequent analysis gave cause for concern, then this should be raised well in advance of the next meeting so that appropriate interpretations could be assessed/explored.

JM also commented that it was hard to see any rationale for the User Pays split and suggested that some clarity/justification might be usefully provided.

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

See 2.1, above.

2.3. Proposal 0296: Facilitating a Supply Point Enquiry Service for Non-Domestic Supply Points

In response to Action Dis0605, JM referred to an Employment law case heard in the European Court of Justice ("Akavan Erityisalojen Keskuslitto AEK and others v Fujitsu Siemens Computers Oy C-44/08"), and read out the definition arrived at in respect of 'contemplating'. DW will give consideration to an appropriate form of words and amend the Proposal.

In response to Action Dis0606, DW provided the context for the action and recognised that the Proposal could be changed to reflect the fact that the data remains with the Transporter to be accessed in real time (such as a web solution). SM suggested mirroring the Irish approach. DW thought this may increase costs/timescales but may be better in the long run. Instantaneous access was required, added DW.

DW will amend the Proposal to reflect current discussions and return to the next Workstream meeting.

2.4. Proposal 0313: Application Date for Mod0229

Clarity was sought on billing, but no further points were raised. The amended Proposal will be brought back to the next Workstream and a Workstream Report will be produced. BF will seek an extension at the next UNC Modification Panel meeting.

Action Dis0805: 0313 - The Proposer to amend the Proposal and bring back to the next Workstream. The Joint Office to seek an extension at the next UNC Modification Panel meeting.

It was believed that the progression of 0313 would help to clarify 0229, however a difference of opinion was expressed, whereby it was thought that 0313 was sufficiently covered by the legal text for 0229 and there was no dependency. It was noted that there were other actions generated via other forums to provide clarification on 0229's legal text.

DW had received legal advice that 0313 may not be required, and would appreciate some clarity from the Transporters on this. SM was of the view that 0313 should proceed, but if it was subsequently found to be redundant then it could be withdrawn.

ST asked AW why a specific date had been inserted in the legal text. AW responded that Ofgem was unable to approve a Modification without a date being present, to give it meaning. ST referred to discussions on 0229, where the retrospective element was not present and was an unintended consequence; 0313 may clarify the position, but the text placed into Code should further the relevant objectives. SM pointed out that the date could change via another Modification.

Acknowledging the Proposer's right of choice, BF sought views of the Workstream in respect of wishing to proceed with 0313, and pointed out that any decision to withdraw would need to be known as soon as possible so that potential alternatives might be raised.

ST added that it would be possible to arrange an additional UNC Modification Panel meeting to consider the Workstream Report if this was produced in the near future.

2.5. Proposal 0314: The provision of a "Data Update" to Non Code Parties

SM proposed to give an update at September's Workstream. GE referred to SPAA Schedule 23 and questioned why this was not being used. ST believed this to be a Licence requirement on certain Code parties notwithstanding V5 and J. SPAA provisions mean that data is not released. GE suggested referencing the data in the ESTA agreement? SM commented that SPAA members are all licensed members; ESTA does not have a formal licence and therefore does not have the same obligations as licenced parties.

ST referred to SCOGES/IAD Accounts – parties can request the SPAA Executive for an account then under Code, Transporters would be obliged to provide access to the data. The Transporters may object to this, although there has never been a request yet to release any data under that clause in Code. In his view, it was better to name the actual company rather than a document.

2.6. Proposal 0326: Allocation of unidentified gas following the appointment of the Allocation of Unidentified Gas Expert (AUGE)

LK gave a presentation outlining the background to the Proposal, its key points and setting out how it would work in practice.

SM asked how the allocation would be made. LK responded that it would be as set out under Modification 0229, and spread out over the twelve months. There was not a prospective element to the Proposal, and the

AUGE would be expected to resolve any issues. PB asked if it acted as a reconciliation value; LK said it is a one-off allocation cost and spread over the twelve months. She confirmed that it was billed in a prospective SAP price on the current market share at the time it was billed.

The interpretation of billing arrangements was briefly discussed, and it was suggested that further clarity was required, eg what market share was used. It was noted that this would be required for all of the Proposals, including 0313. It was also suggested that there was a need to start collecting LSP market share going forward because it will be required.

PB requested a matrix be compiled that set out how the billing arrangements for each of these Proposals was envisaged to work, and what the differences were. Any subsequent consultation would be greatly helped by this.

Action Dis0806: Compile a matrix setting out how the billing arrangements for each of the AUG Proposals were envisaged to work, and what the differences are.

Action Dis0807: 0326 – The Proposer to amend the Proposal to reflect the discussions and speak to xoserve to clarify future requirements.

LK went on to elucidate other points of note, including incorporation of an obligation on all parties to bring to the attention of an AUG any issues that may have a bearing on reconciliation.

AM also suggested that there might be a need to review the guidelines document to assess any impacts. BF pointed out that any changes would require the approval of the UNC Committee.

3. Topics

3.1. 0045Dis, Handling of Emergency Situations at Priority Customer Sites

In response to action Dis0611, ST explained that there was no obligation or distinctive policies/procedures that would lead to these sites being treated differently from any other sites. However Transporters would always bear in mind the activities that were carried out on a site and would take appropriate action to continue to provide a supply, taking account of the site's internal issues, problems with meter configuration, etc. On call engineers were available. If a site would not turn off gas, there was a process in place to sign over responsibility to a competent person on site if necessary. Safety was always paramount and supply would be maintained wherever possible.

There was no differentiation in policies/procedures when attending site in an emergency (engineers would not know the 'categories') and each incident was dealt with by adopting a reasonable and prudent approach to the individual circumstances.

GE thanked ST for his response and added that this informed discussions taking place elsewhere, where it helped to have an understanding of what the Transporters' actions were in respect of this area.

It was suggested that the suitability of emergency services for various sites might be questioned under PCR.

Action Dis0808: 0045Dis, Handling of Emergency Situations at Priority Customer Sites – Provide a statement of the actions/approach to be taken by Transporters when attending commercial that should be considered a priority.

3.2. 0046Dis, Mechanism for Correct Apportionment of Unidentified Gas Guidelines Document

Discussed during the review of actions, no further points raised.

3.3. 0047Dis, Third Energy Package

AW remained concerned regarding the 3 week switching proposal set out by DECC and the ability of parties to meet this requirement should it be implemented for end of March 2011. He would appreciate views on what impact there might be on the UNC and what might be done to address issues, such as form a Review Group?

RS asked whose responsibility it was to ensure compliance. AW believed it would be introduced as a Supplier Licence obligation and member states will have to ensure compliance. RS asked if the Licence Condition would provide clarity on what was expected, and BD asked that a draft copy be provided to inform discussion. AW said that a consultation was taking place in September/October; the Directive and the expectations were there as to what it should include. JW pointed out that this issue was raised 2 months ago and that the xoserve registration process and lack of flexibility was the problem. AW responded that the objection window was suggested as being the option to address for more flexibility.

RS questioned the logic of including obligations in the Supply Licence. DW added that the obstacle is the industry systems to meet this obligation to allow transfers within a week (Suppliers' systems were not the issue generally). AM contested this view, and pointed out that it is industry business rules, not systems, that posed the difficulties.

RS questioned what fine would be able to be levied when it was not in the party's gift to resolve the breach.

DW suggested raising a ROM and a Modification Proposal to deliver/support changes; AW underlined that 'doing nothing' was simply not an option. GE and ST pointed out that a definitive interpretation would be needed as a sound starting point for any actions.

It was questioned if the system specification could be changed? The objection window is not a Shipper/Transporter process? JW observed that xoserve had indicated that it could not change Gemini in time for March 2012, so other ways need to be found and explored – perhaps something a little more malleable than system changes? SM asked what would comply with DECC's position, and sought clarity on the objection window parameters and timescales.

AW reiterated that there would be a Licence Condition; Shippers asked to see a specific draft of this, so that pragmatic options could be considered and a Modification Proposal might be worked up for further development. AW stated that the consultation was very clear; a letter may be forthcoming in respect of the requirements and will set out Ofgem's expectations.

PB suggested highlighting what was most cost effective to move in terms of deadlines. SM suggested reducing the objection window. DW added that 'cooling off' could potentially run in parallel, but could generate more issues with respect to erroneous transfers, and wondered how Ofgem would view that consequence. AW indicated that this would not be a favourable consequence and these issues would need discussion. PB believed an array of solutions would need to be developed for exploration.

ST pointed out that sites exist with Suppliers that have no relationship with the UNC. Transporters would be reluctant to review/change systems when

simple processes might be adopted to address any issues, and would respond to the consultation.

It was believed that a clear understanding of when 'the clock would start ticking' was required and the existing business rules would need to be reviewed to see if they were still fit for purpose. PB suggested mapping out the existing processes/components and look at a potential shaving at each point.

AW noted suggestions that this might be reviewed outside of the Distribution Workstream, and would consider 'ownership', the appropriateness of separate meetings, and the provision of some guidelines in respect of DECC's expectations.

Action Dis0809: 0047Dis, Third Energy Package - Ofgem to consider 'ownership', the appropriateness of separate meetings, and the provision of some guidelines in respect of DECC's expectations.

3.4. 0048Dis, Management of Domestic EUCs

No further discussion at this meeting.

3.5. 0049Dis, DN Interruption Phase 2 ("Oct 2011 implementation")

ST gave a short presentation on the proposed transition from Interruption to Firm arrangements. New transportation rates will need to be applied from the changeover date and it was thought that the most efficient and straightforward way to do this was to use the nomination, offer and confirmation process. ST then described the process and the benefits. A backstop solution had also been devised and this was explained and briefly discussed.

Action Dis0810: 0049Dis - Confirm if this applies just to the sites in scope.

ST pointed out that this was a good opportunity for Shippers with Shared Supply Meter Points to review and revise Allocation Agreements. xoserve will liaise with Shippers who have any sites that no longer need to be managed through the Unique Sites process.

Referring to the possibility that this might be a User Pays Service, RS questioned if National Grid should be responsible for Exit Reform costs. SM thought that these were consequential costs. The Transporters saw this as an additional cost put on them, and ST suggested a secondary debate might take place on this.

RS believed that Shippers would want to do this for themselves and was concerned that the backstop solution might stop them from doing this. ST advised it was not the intention of the backstop solution to prevent shipper driven updates.

ST stated that he was looking for feedback if this might be a Shipper preferred solution and would be supported. RS wondered what the cost/consequence of not doing this on 01 October would be for a Shipper. SM pointed out that 01 October was a key switching date and it may not be the incumbent Shipper who is at fault. ST commented that this was trying to make it easier for Shippers, but is Shippers preferred extra steps as in the existing process then incorporation could be looked at. RS queried if the cost of the backstop solution might be disproportionate. ST pointed out that all sites have to be firm on 01 October; RS thought it might be cheaper to impose a cost to sort out any exceptions evident on that date. ST said

that feedback and interaction needs to be shared with the Customer Operations Forum; to do the backstop would need a Modification Proposal.

There were concerns that contracts often change on 01 October, and how would a party deal with the position of being left with an Interruptible site; the safety net provision might be to nominate everything to 01 October. Would there be incentives to nominate to this date? What was the likelihood of getting eg more than 20 or 30? ST reiterated it was not the intention to penalise any genuine mistakes/errors; it was not clear what the Shippers' expectation was? SM replied that at the Gas Forum it was understood that if a Shipper did nothing, it would be done for them. ST thought that Shippers would prefer to do it themselves.

RS referred to Modification 0090 and suggested that system alignment might be required, and a review of how any fallout would be addressed.

GE asked about replacement flagging/updates on Sites & Meters and who could do this. ST responded that xoserve would do a datafix, create a file and send it to a Shipper to confirm what has been done, what the transportation rates are, the SOQ and SHQ, etc. GE did not see why Transporters should be giving information that Shippers should have done for themselves. ST indicated that this may have to be User Pays, but would not be expensive.

BD referred to the issue relating to DME/NDM opening reads under discussion at UK Link Committee.

SM believed there to be a number of points that the Transporters should consider further:

- Opening reads – how should these be addressed on 01/10 (for transfers only)

- Duplicate confirmations

- Customers who transfer to another Supplier on 01/10

- Delayed appeals

- Referrals process

- Objections – what happens when these occur

- What are the consequences of retaining an Interruptible flag?

Action Dis0811: 0049Dis - Transporters to give further consideration to: Opening reads – how should these be addressed on 01/10 (for transfers only); duplicate confirmations; customers who transfer to another Supplier on 01/10; delayed appeals; referrals process; objections – what happens when these occur; and what are the consequences of retaining an Interruptible flag?

3.6. 0050Dis, DM Unbundling

ST gave a presentation outlining the background/drivers, and updating the DM Elective position, illustrated with various statistics and graphs. He also addressed views on the priority of position for Transporter equipment, the removal of DM voluntary sites from DM liabilities, and the removal of the DMV regime.

Whilst reviewing the statistics ST posed the question, was it appropriate and efficient for a Transporter to run a service for a few supply points? He also asked if it would make sense to align the October and November dates for DMV.

Reviewing the graphs on potential DM population changes, ST observed that it was not known what percentage switch there would be, and the Transporters would welcome feedback on this.

In response to questions, ST confirmed that he would like to remove the liabilities associated with the 11:00am D+1 read, not the read itself. He also questioned the benefit of collecting and publishing hourly reads on a 4 hourly basis. RS referred to the Nexus discussions and the need to make sure that all dovetails with Carbon Reduction requirements and the Licence Conditions. ST responded that it would capture it every hour, but not publish every 4 hours. There were costs involved with this and D+1 at 11:00 that make for a questioning of the benefits. RS replied that there was a need to make sure that the right incentives were in place and the reads that had to be provided. ST confirmed that this was only seeking to remove the liability payment, not the obligation to provide the data.

SM commented that the industry needed a DME process that works; it does not at the moment, which is one of the reasons why parties are not rushing to switch arrangements. There were significant issues around systems. If DME functionality could be fixed this would help. RS commented that DME was supposed to spearhead entry into the 'new world' market.

Removal of DME may result in some stranded sites and ST would confirm what these numbers were likely to be.

Action Dis0812: Confirm likely numbers of stranded sites following proposed removal of DME.

Shippers believed the timelines to be aggressive, and the scheme appeared to move very rapidly from provision to all to mandatory only. ST would welcome more feedback on this. GE pointed out that some Shippers do not have a DME regime and must build processes/systems from scratch; had the Transporters made the assumption that DMVs would all switch to DME quickly. SM said that the process developed for phase 1 is not fit for purpose; there were competition issues and barriers to market entry caused by an unfit process. He confirmed that Gazprom would not participate in phase 1.

RS observed that DME had been designed as a voluntary User Pays Service, a stepping stone, and is fit for its purpose. This proposal seems to take this choice away and does not facilitate competition. ST reiterated he would welcome more detailed views and comments.

Moving on to address his question as to whether it was appropriate and efficient for a Transporter to retain a DM obligation to run a service for 6 SPs which may not even be consuming gas, he believed that having no customer choice in these circumstances was less important. After the transition period of phase 3 these customers would cease to receive a service from Wales & west Utilities.

ST was aware of Interruptible sites that were DM because they were Interruptible, and they may nominate back to become NDM. He would not wish to retain DMV purely for these sites.

There was a short discussion on what should be subject to the cap of 25,000. ST did not think the cap would be reached until phase 3. Shippers evinced concern that Transporters were basing ideas on certain assumptions. A DMV site was more entitled to the DM regime than an NDM site. GE asked what was to be done with the additional capacity in the system, and Shippers questioned the figure of 25,000. ST stated that

this proposal would not increase the cap. RS said if the cap was not going to be reached then it should be removed.

ST asked if Suppliers could confirm what their switching rate might be, but received a negative answer. Referring to the DM regime, RS observed that he would expect the majority to switch to DMV; they will want to remain as DM. It was possible that of c1200, he guessed that 400 might go back to NDM. In response to a question from GE, ST said that Transporters clearly do not want to replace equipment if a customer is going to switch.

ST said that he would welcome feedback from GE on any party setting up its own DM service as he would like to understand how quickly the Transporters would be able to cease in their service provision.

3.7. 0051Dis, Procurement of NDM Profiling Data

There were no further comments.

3.8. New Topics

3.8.1. Network Code Reconciliation Suppression Guidelines

BF had contacted xoserve to ascertain what action needs to be taken. Fiona Cottam responded that this item had arisen from discussions at Development Work Group 0270 – Aggregated Monthly Reconciliation for Smart Meters (elective meter point rec for SSPs). If 0270 turns into a full Mod proposal in its current format the Rec Suppression Guidelines will need to be amended, because there are no tolerances in the Guidelines for SSPs. Without any tolerances, all these elective meter point Recs would flow straight to the invoice without any filtering. This is not what the Review Group wants to happen. However, it is probably too soon to do anything more than raise awareness at the Workstream at present, because xoserve will need to do considerable analysis to come up with proposals or options for tolerance levels before anything more specific can be discussed, and there is no actual Modification Proposal at present.

ST suggested making this part of the work of Review Group 0270, rather than continuing to cover at the Distribution Workstream.

4. Any Other Business

4.1 Code Governance Review – draft Proposals update

Following receipt of comments by Ofgem, these were still under reconsideration by the Proposer and likely to be submitted again at the September Panel meeting. Legal text was likely to be available before the Panel meeting.

4.2 PCR

RS reported that the DNs were conducting a process engaging with Shippers and Suppliers regarding the PCR, ie primes and subs and Smartgrid. Views on a vision of the networks in the future would be welcomed.

4.3 PNAG

RS reported that the iGTs had been told that they had to be a part of the smart metering process and they therefore recognise the need to build systems and processes to align with future developments. This may have an impact on any future changes, eg DM unbundling, and parties developing the processes will need to be mindful how iGTs will have to interface in the future.

4.4 User Pays Service

SM reiterated his intention to raise a Modification Proposal to address this area. He expected to have it drafted and issued before the next meeting, ie straight to Panel.

5. Diary Planning for Workstream

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
Dis0503	27/05/10	2.4	Amend Proposals 0292 and 0293 in light of Workstream discussion.	ScottishPower (KK)	Closed
Dis0601	08/06/10	1.2	UNC0292/3 Shippers to provide xoserve the number of MPRNs likely to be submitted for an AQ amendment as soon as possible by the end of July 2010.	All Shippers	Closed
Dis0601a	22/07/10	1.2	xoserve undertake a further extrapolation of the possible AQ amendment demand data provided and provide an appropriate anonymous breakdown of the data. However, contact the relevant Shippers before publishing their information.	xoserve (LW)	Closed
Dis0602a	22/07/10	1.2	Provide an interim update on the development of the AUG criteria for publication on the Joint Office website.	National Grid Distribution (CW)	Closed
Dis0603	24/06/10	2.1	UNC 0292/3 - xoserve to review the AQ Amendment validation filters and consideration given to refining the parameters/rules and the impact this would have.	xoserve (LW)	Carried Forward
Dis0605	24/06/10	2.3	UNC 0296 - Consideration to be given on the use of a Contemplating definition	All	Closed
Dis0606	24/06/10	2.3	UNC 0296 - consideration to be given on the potential controls for the access to the data.	All	Closed
Dis0607	24/06/10	2.3	UNC 0296 - update the proposal to reflect discussions	British Gas (DW)	Carried Forward
Dis0608	24/06/10	2.5	UNC 0313 - Transporters to provide a timeline for scenarios 1,2 & 3	Transporters	Closed
Dis0610	24/06/10	2.5	UNC 0313 - update the proposal to reflect discussions during the workstream	British Gas (DW)	Carried Forward

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
Dis0611	24/06/10	3.2	Topic 0045Dis - Update to be provided by WWU on the handling of Emergency situations at priority customer sites.	WWU (ST)	Closed
Dis0612	24/06/10	3.4	Topic 0047Dis - SL to identify possible options for reducing the current transfer timescales.	EDF Energy (SL)	Carried Forward
Dis0613	24/06/10	3.5	Topic 0048Dis - Shippers to provide consumption data for prepayment portfolios to xoserve	Shippers	Closed
Dis0614	24/06/10	3.5	Topic 0048Dis - xoserve to examine prepayment consumption data and use this to work out an EUC profile and identify any potential costs and benefits of having separate Domestic EUCs	xoserve (LW)	Closed
Dis0615	24/06/10	3.6.2	Topic 0050Dis - Transporters to identify the number of interruptible sites that could become DMV	Transporters	Closed
Dis0701	22/07/10	2.4	UNC0313 - provide clarification for calculating the charges and billing arrangements appropriate to option 2.	British Gas (KW)	Closed
Dis0702	22/07/10	2.5	Provide a legal view on the restriction of the types of recipients of the data items listed in the proposal and seek a legal view on the provision of information under Section V5.5.3. Including sanctions or remedies for breach of the conditions.	Wales & West Utilities (ST)	Closed
Dis0703	22/07/10	2.5	Circulate proposed questions to Gazprom's legal team for comment by the workstream.	Gazprom (SM)	Closed
Dis0704	22/07/10	4.1	Consider potential short term solutions for resolving the shortfall in NDM profiling data.	All	Closed

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
Dis0801	26/08/10	1.3	For 0317/0317A and 0327 - additional data references should be provided to the Joint Office for publication so that responding parties can give this further consideration before finalising their responses for the end of the consultation periods.	British Gas (DW) and Shell (?GE)	0327 - Post meeting note provided by DW. 0317/0317A - Pending
Dis0802	26/08/10	2.1	UNC 0292/0293 - Shippers to submit data for zero, 5%, 10% and 15% on banding to xoserve as soon as possible. xoserve to understand/assess data and undertake further analysis in terms of the information received in terms of banding width provided (zero, 5%, 10% and 15%).	ALL Shippers and xoserve (AM)	Pending
Dis0803	26/08/10	2.1	xoserve to 1) clarify what the cap would have to be to cope with continuous submissions over the assumed period; and 2) assess the cost of doubling the existing capacity of the system.	xoserve (AM)	Pending
Dis0804	26/08/10	2.1	The Proposer to assess ramifications of profile amendments and consider addressing within the Proposal(s) 0292/0293	Scottish Power (LK)	Pending
Dis0805	26/08/10		0313 - The Proposer to amend the Proposal and bring back to the next Workstream. The Joint Office to seek an extension at the next UNC Modification Panel meeting.	British Gas (DW) and Joint Office (BF)	
Dis0806	26/08/10	2.5	Compile a matrix setting out how the billing arrangements for each of the AUG Proposals were envisaged to work, and what the differences are.	All Proposers and xoserve (AM)	
Dis0807	26/08/10	2.5	0326 - Amend the Proposal to reflect the discussions and speak to xoserve to clarify future requirements.	Scottish Power (LK)	Pending

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
Dis0808	26/08/10	3.1	0045Dis, Handling of Emergency Situations at Priority Customer Sites – Provide a statement of the actions/approach to be taken by Transporters when attending commercial that should be considered a priority.	Wales & West Utilities (ST)	Pending
Dis0809	26/08/10	3.3	Action Dis0806: 0047Dis, Third Energy Package - Ofgem to consider 'ownership', the appropriateness of separate meetings, and the provision of some guidelines in respect of DECC's expectations.	Ofgem (AW)	Pending
Dis0810	26/08/10	3.5	0049Dis - ST to confirm if this applies just to the sites in scope.	Wales & West Utilities (ST)	Pending
Dis0811	26/08/10	3.5	0049Dis - Transporters to give further consideration to: Opening reads – how should these be addressed on 01/10 (for transfers only); duplicate confirmations; customers who transfer to another Supplier on 01/10; delayed appeals; referrals process; objections – what happens when these occur; and what are the consequences of retaining an Interruptible flag?	Transporters	Pending
Dis0812	26/08/10	3.6	Confirm likely numbers of stranded sites following proposed removal of DME.	Wales & West Utilities (ST)	Pending