

Distribution Workstream Minutes
Thursday 25 February 2010
Elxon, 350 Euston Road, London

Attendees

Bob Fletcher (Chair)	BF	Joint Office
Tim Davis (Secretary)	TD	Joint Office
Andy Miller	AM	xoserve
Anne Jackson	AJ	SSE
Bali Dohel	BD	Scotia Gas Networks
Beverley Viney	BV	National Grid NTS
Binvhair Sangha	BS	National Grid Distribution
Brian Durber	BD	E.ON UK
Chris Hill	CH	RWE npower
Chris Warner	CW	National Grid Distribution
Gareth Evans	GE	Waters Wye
Jemma Woolston	JW	Shell Gas Direct
Joel Martin	JM	Scotia Gas Networks
Karen Kennedy	KK	Scottish Power
Kevin Woollard	KW	British Gas
Linda Whitcroft	LW	Xoserve
Phil Broom	PB	GDF Suez
Richard Street	RS	Corona Energy
Simon Trivella	ST	Wales and West Utilities
Stefan Leedham	SL	EDF Energy
Steve Mulinganie	SM	Gazprom

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 Distribution Workstream meetings

Action 1003: UNC0271 - EDF to provide some statistical evidence of threshold crossers from their portfolio.

Action Update: SL indicated that it was proving more difficult than anticipated to extract the data but hoped to be able to provide the information for the next meeting. **Carried Forward**

Action Dis1101: UNC0248 - Shippers to provide an indication of likely demand/volume for read replacements or a confirmation of intent to use this service by 12 February 2010. If adequate information is not provided xoserve will produce a ROM assuming levels of demand in useful blocks.

Action Update: AM confirmed that three Shippers had responded and that, rather than blocks, the indicated demand would be used to inform development of costs and the setting of charges. **Complete**

Action 0102: UNC 0271 - ROM to be produced on removing the 20% rule from the UNC in addition to the existing ROM.

Action Update: LW confirmed that the ROM is being produced. **Carried Forward**

Action 0103: DNOs to consider the inclusion of ROM requests and their status within the UNC Modifications Register.

Action Update: A proposed way forward was presented during the meeting and a new action agreed. **Closed**

Action 0104: UNC0279 - xoserve to consider the reads that have failed tolerances and the likely costs of producing information on all portfolio gains within the ROM.

Action Update: LW confirmed this was included in the ROM, and PB that this had also been reflected in the revised Proposal. **Complete**

Action 0201: UNC0279 - Transporters to liaise with the proposer regarding the implementation date and the provision of information via IX or DVD.

Action Update: PB indicated that, following discussions, the IX solution was in the revised Proposal. **Complete**

Action 0202: All parties to provide feedback on the removal of BSSOQ and a Ratchet Regime change proposal to National Grid Distribution to allow development of the draft proposal.

Action Update: CW confirmed that no comments had been received. **Complete**

1.3. Review of Live Modification Proposals

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

2. Modification Proposals

2.1. Proposal 0248: Meter Reading Replacement

AM indicated that three Shippers had responded providing indications of their expected demand level and that the intention was to develop a ROM and charges on the basis of the demand indicated. SM expressed surprise at this and suggested that it had been agreed at the previous meeting that expected volumes could be derived from those who did respond. KK indicated that there could be interest in using the service but it was not straightforward to estimate the level of demand, and CH confirmed this was also the RWE position. SM explained that Gazprom would also be likely to use the service but he would need to understand the costs and charges in order to estimate potential usage, and he had believed that charges based on differing volumes was going to be provided.

SL believed that the approach of using differing volumes had been used for Proposal 0224, although AM did not believe this was the case, emphasising that a key difference was that cost information is not available for Proposal 0248. AM continued that the complexity associated with introducing 0248 meant that a ROM could not be produced and a DCA would be needed to identify implementation costs. However, the level of complexity identified was a clear indicator that costs would be high. The DCA would provide an estimate of initial systems development. Any change in running costs, and consequently the ongoing charge, could not be reliably estimated prior to the necessary system changes being clarified.

RS questioned, given this explanation, what the value of demand data was since the system costs appeared to be independent of volume. Estimated charges could be derived for indicative volume levels in order to allow Shippers to estimate the potential cost of the change given their portfolio.

SM added that he had also understood volume data was needed to develop the ROM, and that the indication that a ROM could not be produced in any event suggested that the initially requested demand data would not serve the intended purpose.

SL asked what additional information could be provided to explain the reasons why a ROM could not be produced and a DCA was necessary. AM offered to provide a summary of the factors involved, but emphasised that no indication of costs would be provided. To commission a DCA would be costly in itself, and SL recognised that this cost would be recovered through the ACS if the Proposal were not subsequently implemented. ST confirmed that the Transporters would be happy to continue on this route if that is what the industry wants.

SM asked if there was an indication of the cost of obtaining a DCA. BV suggested a previous DCA had cost £60k, and it was agreed that it may be reasonable to assume a similar level could apply. ST suggested that the DCA would indicate the likely costs and provide a checkpoint to avoid costs being incurred beyond a level that the industry did not feel worthwhile. Indications were that the cost was likely to be in the hundreds of thousands. RS suggested that this finger in the air type figure was helpful and his understanding of what a ROM should deliver.

LW explained that in seeking to produce a ROM, a range of options had been considered to try and identify the option that is likely to be feasible and have the lowest cost, and some possibilities had been ruled out because of the risks.

SL said that he would want to see an estimate of the cost of a DCA before deciding whether or not he would wish to continue to pursue the Proposal, which SM supported. SL also suggested that reintroducing reconciliation might be worthwhile given that this had been excluded to avoid complexity and cost – LW was clear that there would be significantly more complexity if reconciliation were included.

ST asked whether views would be different depending on whether the cost of obtaining a DCA was, say, £20k and £70k. If the DCA would be procured in either event, then it may not be worth waiting for the cost estimates. SL indicated that he had been expecting the implementation costs to be in excess of £100k, but that he may have second thoughts about the value of the Proposal if it exceeded, say, £500k. In addition, views may differ depending on the cost per transaction post implementation. RS asked if xoserve could provide an indication of the likely minimum costs - if this was in excess of, say, £500k, then progressing the Proposal might not be worthwhile. PB emphasised that deriving the cost estimates may be worthwhile in any event as an input to Project Nexus considerations and hence should not be regarded as abortive even if the Proposal did not proceed.

ST suggested that xoserve could return to the next meeting with a broad-brush estimate of non-binding implementation costs, outside the ROM framework, plus the anticipated cost of delivering a DCA. This would be in addition to an explanation of the complexities that were expected to drive costs.

Action 0203: xoserve to return to the next meeting with a broad brush estimate of non-binding 0248 implementation costs, outside the ROM

framework, and the anticipated cost of delivering a DCA, together with an explanation of the complexities which are expected to drive costs.

Post meeting note: The cost of procuring a DCA is expected to be in the range £40-80k.

2.2. Proposal 0271: Amendment to the SSP – Provisional LSP – SSP Amendment Rules

SL indicated that progress was awaiting a ROM. LW could not indicate when a ROM would be provided but confirmed this was being worked on. SL agreed to reconsider the option of a 20% limit within the Proposal in light of feedback from xoserve on the risks and costs of differing approaches, but he was not immediately inclined to change this if costs were not significantly different.

AM offered to provide a post-meeting note indicating when the ROM was expected to be available.

Action 0204: AM to indicate when the 0271 ROM is expected to be available

2.3. Proposal 0279: Improving the availability of meter read history and asset information

PB ran through the changes in the revised version of Proposal 0279, which had been published in light of the ROM and comments received. A Workstream Report was then completed (published at www.gasgovernance.co.uk/0279), including some further clarifications to the wording of the revised Proposal. KW asked whether the attribution of development costs between Shippers could be attributed solely to those who use the service. PB indicated that the Proposal had been drafted on the basis that, as a Code service available to any Shipper, all eligible Shippers would bear this charge irrespective of usage.

SL questioned whether the ROM information had been provided in the format set out in the User Pays Guidance Document. ST confirmed that information had been provided consistent with this and that the way in which ROM information is presented would be covered later on the agenda. The intention had been to ensure costs were available in the Modification Reports since Ofgem had raised a concern about visibility when costs were published separately.

The Workstream agreed that the Proposal as drafted was sufficiently clear to proceed to consultation, and that legal text was not necessary to inform representations.

Action 0205: BF to publish 0279 Workstream Report and add to Panel agenda

Action 0206: PB to formally raise amended version of Modification Proposal 0279

2.4. Proposal 0282: Introduction of a process to manage Long Term Vacant Sites

SL asked about progress with the equivalent BSC Proposal, P196, which KW summarised. It was noted that this proposes quite onerous obligations on Suppliers.

BF indicated that the Panel had requested that Terms of Reference be developed for this Proposal, and the published draft was discussed and amended. The agreed Terms of Reference are available at www.gasgovernance.co.uk/0282.

It was agreed that the next meeting would consider electricity parallels, and that an offer to attend by an Elexon representative should be accepted. CW offered to provide a presentation and timeline setting out the current end-to-end process as provided for in the UNC. SL offered to assist by adding a Shipper viewpoint on to the timeline if CW shared this with Shippers prior to the meeting.

Action 0207: BF to invite Elexon to present to next meeting on P196 and the electricity parallels

Action 0208: Mod 0282: CW to present a timeline based on the present UNC obligations

2.5. Draft Proposal: Removal of Bottom Stop SOQ and Changes to the Application of Supply Point Ratchets

SM raised a concern about any extension to the ratchet regime. CW clarified that the window for BSSOQ reductions was not being extended. SM then asked why the window could not be extended, but ST felt this was not related to the ratchets since SOQs could be increased outside the reduction window. CW added that any extension to allow reductions throughout the year would be a separate Modification Proposal, and he was not sure he would support a change of that nature. SM was concerned that the present position could be regarded as discriminatory since the ability to affect BSSOQ reductions when consumption changed was dependent on the time at which the reduction occurred.

PB questioned whether summer and winter should be treated differently as capacity constraints are only anticipated in winter - facing the same ratchet regime all year round is not self evidently appropriate. BD suggested all who used the capacity should face the same incentives – although PB felt paying the same charges was different to facing the same incentives. RS supported having the same regime applying in all circumstances, with the requirement being to accurately specify capacity requirements irrespective of any profile differences. However, he did urge caution around the DM Elective Market and the potential need for education as customers moved into a different regime.

CW indicated that systems analysis was underway to assess the UK Link implications of implementation. It was possible that this could reveal processes and functionality that utilise BSSOQ and those ramifications would be publicised if they did emerge. CW's intention was to consider the points made by Workstream attendees and review the Proposal as presently drafted before formally raising it. RS suggested that, given CW's intention to ask for the Proposal to be issued directly to consultation, it would be helpful for a further draft to be circulated.

2.6. Draft Proposal: Population and Maintenance of MSC

ST presented an update on behalf of WWU. He ran through the proposed transition period and the concept of xoserve filling in any blank values at the end of the period. This would be on a User Pays basis and those who had populated the data would not be charged. This default process would be completed on a rules basis rather than reflecting actual usage. SL questioned whether a more expensive process could improve data quality.

This would increase costs and User Pays charges, and so increase the incentive on Shippers to populate the field in the first instance.

RS asked if a new obligation would be introduced to correct information that was known to be inaccurate, and ST confirmed this was the intention.

ST explained that User Pays charges would be set to allocate any xoserve costs between the Supply Points for which the MSC flag had not been populated. This raised concerns that significant charges could be applied to a few Supply Points despite best efforts to update the flag. ST explained that the intention was to develop systems only if they were needed and for the costs and systems to be commensurate with the problem.

AJ asked what the benefits of the Proposal would be. ST said this would support licence compliance by Transporters, Shippers and Suppliers. Consequently the Transporters would be able to more effectively deliver UNC obligations that vary between I&C and domestic customers.

ST clarified that he would welcome feedback on the Proposal as drafted, which he would refine prior to formally raising it.

Action 0209: All to provide feedback on the Population and Maintenance of MSC draft proposal to Wales & West Utilities

2.7. Draft Modification Proposal: Facilitating a Supply Point Enquiry Service for Non-Domestic Supply Points

KW presented for British Gas. The intention was to raise a Proposal similar to 0253 but specifically referencing non-domestic customers such that the previously identified Data Protection Act issue would be avoided. ST suggested this should be restricted to LSPs, which KW agreed to consider.

SL asked why this should be a Code rather than Non-Code User Pays Service. AM suggested that the Non-Code route provided greater flexibility for Shippers and xoserve to define the actual service required by each party. However, providing reports as a commercial service outside the User Pays framework would provide the greatest flexibility.

SL raised the issue in Ofgem's decision letter on Proposal 0253 as to what was meant in the UNC by the word "contemplating". KW confirmed that this was not addressed in the Proposal as drafted. JM suggested that the issue raised by Ofgem is about the present words in the UNC and how it is interpreted rather than about any future Modification Proposal.

KW indicated that a Proposal would be raised for the March Modification Panel and British Gas would be seeking for the Proposal to be issued directly to consultation.

2.8. Draft Modification Proposal: Extending Rights to Protected Information Provisions for Meter Asset Managers/Registered Metering Applicants

JM introduced the draft Proposal, explaining that xoserve receive requests for information from MAMs that cannot be released due to Section V restrictions on data usage. The intention was to modify the protected information provisions to allow data release.

JM clarified that information would only be provided to the MAM as registered on Sites and Meters. SL identified that a good number of blanks exist, and it was confirmed that information would not be released in respect of these meter points.

RS asked if this would be a regulated service i.e. provided as a monopoly service that no other provider can offer. JM said this might be covered by

the ACS, although ST said it need not necessarily be in the ACS. RS felt an Ofgem view on this would be helpful.

Action 0210: Ofgem to indicate how provision of information to MAMs and the associated charges would be regulated

SL asked about the driver for raising the Proposal. JM explained the Proposal emanated from receiving requests for information from MAMs and a desire to meet such requests.

SL questioned whether the Proposal would facilitate releasing information to MAPs as well as MAMs, but it was identified that this would have wider connotations as the data field being relied on to release information was only populated for MAMs.

JM expressed concern about the release of the data because, as a Supplier, they already send and receive information to MAMs and it should already be available such that the Proposal is unnecessary. SL expressed caution about the reliability of data. AM suggested that providing a second source for data should help to improve data quality. AJ suggested it would be useful to understand how MAMs would use the information. SM said it would be to check if the xoserve data is correct, particularly at the time of change of Supplier. AJ remained unclear why the MAM needed the data, and SM suggested a MAM might tell the Supplier and ask them to update the information in xoserve systems. This would support payments between MAMs and Suppliers.

JM invited comments on the draft Proposal that could then be developed for further consideration.

Action 0211: All to provide feedback on the draft Proposal facilitating information release to MAMs to Scotia Gas Networks

3. Topics

3.1. 0043Dis, Mechanism for Correct Apportionment of Unidentified Gas

CW indicated there was no progress to report on this topic.

3.2. Any New Topics

3.2.1. Discharging Shipper AMR responsibilities at DM sites

GE presented on behalf of Total Gas and Power. The specific issue was providing assurance that Transporter provided DM equipment will fulfill all the Licence conditions by 6 April 2014. The Transporters agreed to consider this and respond at the next meeting, and the Workstream accepted this as a new topic.

Action 0212: Transporters to confirm that DM equipment is compliant with the advanced metering requirements expected to apply from April 2014

3.2.2. Handling of Emergency Situations at Priority Customer Sites

GE proposed raising a Topic to look at the chain of responsibility and communication and how unintended outcomes could be avoided if an emergency was invoked. He was seeking an understanding from the Transporters as to where they saw their obligations ending with respect to I&C sites in this respect. A way forward may be as simple as the Transporter contacting the MAM directly in an emergency, with the Shipper and Supplier being informed about implications later. ST said he would be very happy to be able to tell Wales and West Utilities employees to do the right thing, but he was not clear that this would be permissible and soluble within the current regulatory framework.

GE suggested that it would be helpful if this issue could be clarified prior to next Winter and so the Topic should be treated as a medium priority. The Workstream agreed to accept the Topic.

4. AOB

4.1. Gas Safety Cut Offs – Additional Address Information from Shippers

This was carried forward to a subsequent meeting.

4.2. ROM Evaluation Summary Report

LW presented a proposed report that would contain information regarding ROMs and their status. The suggestion was that this could be updated fortnightly and published on the Joint Office website.

LW emphasised that the first stage of the process was a Rules Analysis - being clear what was proposed and hence the processes that would be necessary. This was a necessary precursor before a ROM was formally requested. RS questioned the value of any such Rules Analysis to Shippers. His view was that the ROM was intended to identify solutions and he feared that the process could be used to further extend timetables. ST suggested this was a misinterpretation and the first stage was necessarily to understand what was proposed. Formally recognising this period of discussion prior to the ROM was not an extension to the process but the suggestion of reporting this was intended to provide information about what was actually happening.

SL questioned how the Rules Analysis interacted with development in open forums, such as Workstreams. ST said it would be as now, but the suggested approach was intended to be helpful by capturing and reporting progress. SL emphasised that he would not want to see xoserve withdrawing from Workstreams and relying on private discussions - the concern was that an additional process was being created.

PB accepted that the status and information could be useful, but was unclear how the information would be presented in practice - limiting the number of categories would be helpful, as would providing a worked example. SM added that he would welcome a quick update of ROM status – i.e. simply whether it is not started, in progress or complete.

GE argued there were too many tick boxes in the proposed form. He urged pragmatism such that an update on what was happening with each Proposal was provided. However, PB preferred fixed criteria to ascertain the status. AM suggested the Shippers might usefully get together and decide what they would like to see. TD suggested adding a comment column to provide some background on the steps being taken towards completing the ROM.

ST offered to populate the report to assist discussion. This would then be considered at the next meeting and could be developed to meet Shipper requirements.

Action 0213: xoserve to present revised ROM progress report for discussion at next meeting

4.3. DM Elective Workshop

LW indicated that the DM Elective change would impact Shippers and their processes and that xoserve had arranged a workshop to run through the changes and help all involved to understand them. This is to be held at 31 Homer Road, Solihull on 15 March.

AM added that xoserve were keen to understand demand for the new service and emphasised that a request for information had been issued. This would help xoserve to set ACS charges and to understand which Shippers they needed to actively engage with in the run up to launching the service. PB asked, if no reply was received, whether the previously submitted figure would be used or zero. AM said he would approach Ofgem if he received less information than anticipated to see if they would release any information regarding data that had been provided to themselves. RS suggested putting a milestone in place now to ensure the request was reissued ahead of the subsequent phases, by when players would have better information regarding likely usage.

5. Diary Planning for Workstream

Thursday 25 March 2010, 10:00, Elexon, 350 Euston Road, London
Thursday 22 April 2010, 10:00, Holiday Inn, 61 Homer Road, Solihull
Thursday 27 May 2010, 10:00, Elexon, 350 Euston Road, London
Thursday 24 June 2010, 10:00, Elexon, 350 Euston Road, London
Thursday 22 July 2010, 10:00, Holiday Inn, 61 Homer Road, Solihull

Distribution Workstream Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
Dis1003	22.10.09	3.5.2	UNC0271 - EDF to provide some statistical evidence of threshold crossers from their portfolio.	EDF Energy (SL)	Carried Forward – to be provided ahead of 25 March meeting
Dis1101	26.11.09	2.1	UNC0248 – Shippers to provide an indication of likely demand/volume for read replacements or a confirmation of intent to use this service by 12 February 2010. If adequate information is not provided xoserve will produce a ROM assuming levels of demand in useful blocks.	All Shippers	Three responses received. Complete
Dis0102	15/01/20	2.2	UNC0271 – ROM to be produced on removing the 20% rule from the UNC in addition to the existing ROM.	xoserve (LW)	Carried Forward – to be provided ahead of 25 march meeting
Dis0103	15/01/20	2.2	0271 – Transporters to consider the inclusion of ROM requests and their status within the UNC Modifications Register.	Transporters	Replaced by Action 0213. Closed
Dis0104	15/01/20	2.3	0279 – xoserve to consider the reads that have failed tolerances and the likely costs of producing information on all portfolio gains within the ROM	xoserve (LW)	ROM provided. Complete.
Dis0201	02/02/10	2.3	UNC0279 – Transporters to liaise with the proposer regarding the implementation date and the provision of information via IX or DVD.	Transporters and GDF Suez (PB)	To be via IX. Complete.
Dis0202	02/02/10	3.3.1	All parties to provide feedback on the removal of BSSOQ and a Ratchet Regime change proposal to National Grid Distribution to allow development of the draft proposal.	All	No response received. Closed

Dis0203	25/02/10	2.1	UNC0248 - Provide a broad brush estimate of non-binding implementation costs, outside the ROM framework, and the anticipated cost of delivering a DCA, together with an explanation of the complexities which are expected to drive costs.	xoserve (AM)	Pending – to be provided ahead of 25 March meeting
Dis0204	25/02/10	2.2	UNC0271 - Indicate when the ROM is expected to be available	xoserve (AM)	Post meeting note to be provided
Dis0205	25/02/10	2.3	UNC0279 - Publish Workstream Report and add to Panel agenda	Joint office (BF)	Pending – due by 10 March
Dis0206	25/02/10	2.3	UNC0279 - Formally raise amended version of Modification Proposal	GDF Suez (PB)	Issued 25 February
Dis0207	25/02/10	2.4	UNC0282 - Invite Elexon to present to next meeting on P196 and the electricity parallels	Joint Office (BF)	Pending – presentation due on 25 March
Dis0208	25/02/10	2.4	UNC0282 - Present a timeline based on the present UNC obligations	National Grid Distribution (CW)	Pending – to be provided ahead of 25 March meeting
Dis0209	25/02/10	2.6	Provide feedback on the Population and Maintenance of MSC draft proposal to Wales & West Utilities	All	Pending – update due on 25 March
Dis0210	25/02/10	2.8	Indicate how provision of information to MAMs and the associated charges would be regulated	Ofgem	Pending – JO to contact Ofgem requesting update on 25 March
Dis0211	25/02/10	2.8	Provide feedback on the draft Proposal facilitating information release to MAMs to Scotia Gas Networks	All	Pending – update due on 25 March
Dis0212	25/02/10	3.2.1	Transporters to confirm that DM equipment is compliant with the advanced metering requirements expected to apply from April 2014	Transporters	Pending – update due on 25 March

Dis0213	25/02/10	4.2	xoserve to present revised ROM progress report for discussion at next meeting		Pending – update due on 25 March
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