

**Distribution Workstream Minutes**  
**Thursday 27 May 2010**  
**Ellexon, 350 Euston Road, London**

**Attendees**

Bob Fletcher (Chair)	BF	Joint Office
Andrew Wallace	AW	Ofgem
Andy Miller	AM	xoserve
Anne Jackson	AJ	SSE
Bali Dohel	BDo	Scotia Gas Networks
Beverley Viney	BV	National Grid Transmission
Brian Durber	BDu	E.ON UK
Cesar Coelho	CC	Ofgem
Chris Shanley	CSS	National Grid Transmission
Chris Warner	CW	National Grid Distribution
Colette Baldwin	CB	E.ON UK
David Watson	DW	British Gas
Denis Aitchison	DA	SGN
Erika Melen	EM	ENA
Jemma Woolston	JW	Shell Gas Direct
Jenny Higgins	JH	RWE Npower
Joanna Ferguson	JF	Northern Gas Networks
Joel Martin	JM	Scotia Gas Networks
Karen Kennedy	KK	Scottish Power
Phil Lucas	PL	National Grid Distribution
Richard Street	RS	Corona Energy
Robert Cameron-Higgs	RCH	Wales & West Utilities
Simon Trivella	ST	Wales & West Utilities
Stefan Leedham	SL	EDF Energy
Steve Mulinganie	SM	Gazprom
Steve Nunnington	SN	xoserve
Sue Davies	SD	Wales & West Utilities
Tim Davis	TD	Joint Office
Tom Harper	TH	Ofgem

**1. Introduction and Status Review****1.1. Minutes from the previous meeting**

AW requested an amendment to Item **3.4.1. Third Energy Package**.

At last month's Distribution Workstream, Jenny Boothe confirmed that ~~Ofgem and DECC should~~ would be requesting providing a collective view's from the industry in a "Call for Evidence" on the Third Package. This included on its interpretation on the Third Energy Package Supplier Switching ~~changes~~ requirements.

AW recommended that, rather than waiting for DECC to set out its views on transposition in a document proposed for the summer, parties should be giving consideration now on whether there are any restrictions that would prevent them meeting the requirements and on how the length of the transfer process should be shortened. It was acknowledged that further consideration is required. ~~AW recommended that if there are any issues/concerns these should be raised with Ofgem.~~

The minutes from the previous meeting were then approved.

## 1.2. Review of actions from previous Distribution Workstream meetings

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

**Action Update:** AW suggested this would be through an ACS change, and it would be up to the Transporters if any contractual arrangements were needed. **Closed.**

**Action 0402:** UNC0229 - All to provide views on the User Pays elements.

**Action Update:** Covered on agenda. **Closed.**

**Action 0403:** Transporters to consider the implementation timelines and provide an update at the May Distribution Workstream.

**Action Update:** Covered on agenda. **Closed.**

**Action 0404:** Consideration and feedback to be given at the May Workstream on how to release information for the population of the AMR data hub.

**Action Update:** ST suggested that more definition of the requirement would be needed, but it was anticipated that a UNC Modification was likely to be required to allow data to be released to a third party. SM asked if this would be needed if xoserve were to provide the service. ST believed a different Proposal was likely to be needed to cover permissions - the use of data released by xoserve. SM indicated that he would consider raising a draft Proposal to take this forward. **Closed.**

## 1.3. Review of Live Modification Proposals

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

AW indicated that Ofgem plan to issue a consultation on GT Licence changes related to Proposal 0231V (Changes to the Reasonable Endeavours Scheme to better incentivise the detection of Theft), and this will include some questions regarding the Proposal.

## 2. Modification Proposals

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

SL indicated that EDF anticipate withdrawing the Proposal since they wish to see how Proposals 0292 and 0293 progress - given the overlap with Proposal 0271.

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

CB indicated that development of the NRPS was focused outside the UNC, considering the tender process and governance requirements. The work is expected to return to the UNC once the data requirements have been

clarified. DW questioned the expected scope of Proposal 0274, and CB said it was expected to define obligations to release data. The Gas Forum has been invited to firm up the service lines and governance arrangements, and this is expected to take 6 months.

### **2.3. Proposal 0292: Proposed change to the AQ Review Amendment Tolerance for SSP sites**

CW and AM gave a presentation that sought to address issues raised at the Modification Panel meeting regarding the UNC provisions and xoserve validation processes respectively.

DW asked about the basis used to determine why some changes are referred for manual review. AM indicated that there were no clear cut business rules for this, but the intention was to ensure that all which should be challenged and resolved were dealt with. If no clear decision is made by the automated processes that look at acceptable ranges, amendments are passed for manual investigation. DW asked if the parameter ranges could be provided, and AM suggested that this was not straightforward but he would see if anything was possible. SL added that useful information regarding this had been provided to Review Group 0271. AM agreed to also obtain data on the numbers involved, accepted, rejected etc..

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

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

SL asked about the validation tests that are not derived from UNC obligations. SN explained that this was to avoid cherry picking. DW felt that if xoserve had identified an issue, then a Proposal should be raised to incorporate this into the UNC.

AM indicated that if Proposal 0292 were introduced, additional amendments would be received. If unchanged validation tests were followed, some would be referred for manual investigation and this would have resource implications for xoserve. DW suggested there should be an action on Shippers to indicate how many amendments they might submit if the 20% tolerance was reduced. He also asked how many amendments xoserve was able to process.

AM explained that the xoserve processes were designed to handle approximately 150,000 amendments per day, although it was possible that more could be delivered in some circumstances. DW asked about the difficulty of increasing capability, and AM said this would need to be assessed.

SL asked CW about the UNC obligation 1.6.6 for Shippers to provide accurate AQ information. He also pointed out that the UNC restricts Transporters' ability to reject Aqs that meet 1.6.6, and he was not clear why Transporters are validating and rejecting amendments that go beyond the UNC obligations - which is that Aqs must be accurate. He also added that there is no barrier within the UNC in terms of numbers of amendments submitted - the 150,000 xoserve capability limit is not UNC based. SN responded that this restriction is when the AQ is initially calculated - not amendments. If validations and tests were not undertaken, aggregate Aqs would be 10% higher and so over-stated. He emphasised that xoserve offer Shippers an AQ that Shippers are required to validate.

PL indicated that, contrary to SL's interpretation, he believed that the UNC obligations to submit accurate Aqs applies to appeals rather than

amendments. SL accepted that the xoserve validation process is valuable and protects Shipper interests, but it becomes problematic when a User Pays Modification Proposal is raised to amend the 20% rule and only the changes to that 20% rule should be costed and reflected in any ACS charge – not the costs of changing a limit that is not specified in the UNC.

ST said that the Transporter concern was that there are physical limitations. Systems are built on reasonable assumptions rather than providing unlimited capacity. That was why further development of the Proposal was needed to clarify how any change could be implemented in practice.

RS argued that efforts to maintain and identify accurate data were generally welcome, and that suggestions of less validation would be worrying.

KK confirmed that the Proposals were seeking to ensure amendments were delivered with a profile since it was accepted that the systems could not cope if all amendments were submitted on the last day. DW felt this was why it was important for the Workstream to understand the implementation implications.

SM thought two issues arose. One was systems implications, and the other was the number that were referred for manual investigation. A rule which said amendments below a given size were definitely not sent for manual investigation would seem a simple and logical route for addressing this. KK agreed that Shippers would have already carried out validations and xoserve were to some extent duplicating work. DW pointed out that significant numbers which are manually investigated are rejected, so dropping all challenges may not be appropriate and could adversely impact data quality.

KK accepted that additional business rules were needed and that clarification of the data may be helpful. However, she felt that the increase in numbers of amendments may not be that great. BF asked if this meant bringing a revised proposal back to a subsequent meeting. However, SL suggested it would be difficult to write business rules that seek to amend issues that are not presently within the UNC. RS felt that legal drafting could address this as necessary.

AM asked about profiling and what the rules might be to deliver continuous submission as suggested in the Proposal. KK explained that based on a 150,000 restriction, ScottishPower had proposed early implementation to ensure all could be processed. They had not developed detailed rules as to how amendments should be submitted but had seen this as remaining within the existing guidelines. RS was concerned that the solution could be over-engineered, and that reasonableness tests may be simpler for all than creating detailed rules for workload profiling and acceptable volumes. DW questioned what the impacts would be if some actions did (inadvertently) crash the system and what the risk would be for the industry. BF asked if this would be considered within xoserve's AQ Operational Forum, and SN confirmed this would be expected. AM did, however, emphasise that the consequences needed to be understood if no limitations were formally introduced. KK emphasised that the problems identified already exist and if all amendments were submitted on the last day, which is not formally precluded, the systems would not cope. AM felt that increasing the range of amendments would increase the probability of the system being stressed.

SN suggested that the AQ Operational Forum would be appropriate for considering and understanding the issue. SL and KK were concerned about the timetable implications for this and suggested that Workstream

attendees should obtain internal briefing to enable the issue to be taken forward in the Distribution Workstream, which DW and SM supported.

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

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

This was discussed as part of the 0292 item above.

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

DW introduced the Proposal. He confirmed that the intention was for the UNC to be modified to allow data to be provided for non-domestic supply points only, and he anticipated that the market sector code was likely to be used for this purpose - although he anticipated that the legal text would consider this through whichever definition the lawyers felt appropriate.

In terms of warranting and the meaning of contemplating, DW said that the Proposal envisaged that the Supplier would have engaged the customer and would be looking to supply them. JF raised the issue that the report would include all data and that this was not limited to the supply points that might be acquired. DW said he would be happy to warrant that he had the customer's permission when using the data as opposed to when requesting the report. AW asked what was being proposed - whether it was to obtain the customer's permission to look at or to use data. JM added that, since this is not domestic data, the Data Protection Act would not apply and so it was not clear that any warranting would be needed.

DW emphasised that the data being requested was the same as that which provided through the present enquiry service. SL queried whether the Proposal applied to SSP supply points, since would go beyond the present enquiry service and so involve additional data. DW accepted this and agreed to reconsider whether the proposal should be restricted to LSP sites - in particular whether the definition used had impacts for the Transporters in terms of legal drafting and implementation issues. JM did not believe there would be any issues with the definition in the Proposal.

RS suggested that an alternative approach would be for the present enquiry service to be developed to provide a real time response - which he would prefer as a solution. He would like to understand the cost of this as a comparator to the British Gas Proposal. DW agreed this would be useful but wanted to avoid losing time moving the Proposal forward. AM suggested the Proposal did not need to address the delivery of a service but should remain as solely aiming to deliver release of protected information - this should not be classified as a User Pays service.

In response to DW, AW confirmed Ofgem had no immediate concerns to raise regarding the Proposal.

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

**2.6. Proposal 0297: Extending Rights to Protected Information Provisions for Meter Asset Managers / Registered Metering Applicants**

JM clarified that he would be amending the Proposal and asking the Modification Panel for it to be issued directly to consultation. However, he would be happy to seek to address any issues others wished to raise.

SL sought clarification on funding if the service was to be provided through systems that had been developed on the basis of Shipper funding. JM

agreed to review the Proposal in this regard. AM added that if IAD was used for this, users would be charged, with the resulting income reducing unit rates for all users – spreading the costs across a wider user base.

### **2.7. UNC Modification Proposals arising from Review Group 0252 " Review of Network Operator Credit Arrangements"**

RCH explained that 14 Proposals had been raised to implement the Review Group 0252 recommendations and ran through a summary of each Proposal.

JH asked under 0299 about sanctions. SD said this was a "may" provision and would not be automatically used but was proposed for use in limited circumstances as a means of driving action and behaviors.

SL asked if Shippers would be updated if limits changed as a result of Proposal 0302. SD said that there would be no significant change for the majority of Users and so there was no intention to issue irrelevant information to all.

SL asked if there would be standards of service around Proposal 0306. ST clarified this was not proposed. SL was concerned the proposed approach may not work given experience with emergency contact details. JH asked whether a mailbox could be used to help avoid issues with people changing jobs or leaving an organisation, and it was agreed that this would be welcome.

## **3. Topics**

### **3.1. 0040Dis, Disconnection Process**

DW asked about progress with this Topic. CW explained that National Grid is undertaking a thorough policy review of the end-to-end process. Once that was complete, he would anticipate bringing any issues and conclusions to the Workstream. PL added that making the Transporter available as the "disconnecter of last resort" was unlikely to be a UNC issue.

### **3.2. 0044Dis, Discharging Shipper AMR responsibilities at DM sites**

Following confirmation from all Transporters that all the DM equipment installed would fulfill the Daily Read Equipment obligations under the UNC, it was agreed that BF would contact the Topic Proposer (GE) on the grounds that this topic can now be closed.

**Action 0505: Joint Office (BF) to contact GE proposing that Topic 0044DIS be closed** - Post meeting note: Topic Proposer supports closing this topic.

### **3.3. 0045Dis, Handling of Emergency Situations at Priority Customer Sites**

Discussion was deferred to the next meeting.

### **3.4. 0046Dis, Mechanism for Correct Apportionment of Unidentified Gas – Guidelines Document**

Ofgem have now approved Proposal 0229. CW presented a view on implementation timescales, with the aim being to obtain views on the possibilities for shortening the timescale.

CW asked whether the Proposer had any suggestions for how the User Pays charge should be recovered from Users. JW said Shell had no fixed ideas on this. SL said one option would be to use capacity based charges, in line with transportation charges. This could be based on SOQ over a period of time rather than at a single point in time. There was general support for this approach.

Alternatively, SL suggested restricting recovery to the LSP market on the assumption that the SSP Shippers had already paid for the existing approach. RS said this might be acceptable, but if the AUGE did any work for the SSP market, the costs should subsequently be met by SSP Shippers. However, he favoured the first option.

ST emphasised that he would wish to see an approved ACS in place before an implementation date is confirmed, such that there was confidence that costs would be recovered. Given the two options identified, the Transporters may send two ACS changes to Ofgem for them to decide which better met the objectives. The ACS revisions could include recognising that charges might be adjusted under the second option as and when usage changed – i.e. individually reconciled. SL added that, as a core service, the use of User Pays should be seen as an interim approach prior to the costs becoming funded as part of the main price control.

To shrink the implementation timetable, it was recognised that there would be advantage in Proposal 0229 being implemented in time for the associated Guidelines to be considered at the June UNCC meeting. AW agreed that, if received in the next few days, Ofgem would endeavour to approve an ACS change by 9 June to facilitate this.

CW said that the next stage would be defining the AUGE terms of reference. It was agreed that the JO should arrange an early meeting to develop the terms of reference in the AUGE guidelines document. This would also provide an opportunity to define the terms of reference for the tender

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

**Action Dis0506: Joint Office (BF) to arrange an early meeting to develop AUGE terms of reference**

Concerns were expressed about the possibility of shortening timescales for discussion of the AUGE numbers and methodology, particularly in the first year when most challenges and issues were likely to arise.

The amended draft Guidelines were then considered and amended on screen. The revised version is to be published at [www.gasgovernance.co.uk/dist/080610](http://www.gasgovernance.co.uk/dist/080610) in word format.

### **3.5. 047Dis, Third Energy Package**

ST expressed concern that debate around the Third Energy package tended to be circular and all were looking to others to clarify and provide guidance. AW suggested the DECC Call for Evidence provided an opportunity to raise concerns in responses. CB thought the timetable appeared unachievable and it was essential that key issues regarding requirements and legality should be clarified as soon as possible.

### **3.6. New Topics**

#### **3.6.1. DN Interruption Phase 2 ("Oct 2011 implementation")**

ST asked for this to be carried over to the following month. JW asked how any changes would impact Shippers and their systems. ST said that the idea was to bring forward issues and suggestions about this. Contrary to the Shipper view, ST said that, following implementation of Modification 0090, the UNC does not define all sites as firm.

### **3.6.2. DM unbundling**

It was agreed this would be carried over to the following meeting.

## **3.7. AOB**

### **3.7.1. Management of domestic EUCs**

DW explained that there are different categories of domestic customers, with very different usage patterns across the year. Pre-payment meter customers, for example, tend to have a different consumption pattern. xoserve had indicated that introducing a separate EUC would be difficult. However, DW was also aware of pressures to offer PPM customers tariffs that reflect their usage and was looking for suggestions about how a more accurate allocation for these customers could be achieved, thereby removing the barrier to offering an appropriate tariff.

SL suggested that Proposal 0270 might prove helpful. DW accepted this could be a significant step in the right direction, but he would also be likely to push for a separate EUC as well. British Gas could provide data to support an EUC, but accepted that others may not be willing to rely on this and may wish to provide their own data. DW would welcome any data and solutions that could be brought forward by others. SN undertook to bring any xoserve issues to the next meeting.

It was agreed that this should be accepted as a medium priority topic

## **3.8. Diary Planning for Workstream**

Tuesday 8 June 2010, 10:00, Renewal Centre, Lode Lane, Solihull

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

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

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

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

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

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

### Distribution Workstream Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
Dis0210	25/02/10	2.8	SGN Draft Proposal – Indicate how provision of information to MAMs and the associated charges would be regulated	Ofgem	Carried Forward
Dis0402	22/04/10	2.1	UNC0229 – All to provide views on the User Pays elements.	All	Closed
Dis0403	22/04/10	2.1	UNC0229 – Transporters to consider the implementation timelines and provide an update at the May Distribution Workstream.	Transporters	Closed
Dis0404	22/04/10	4.3	Consideration and feedback to be given at the May Workstream on how release information release for the population of the AMR data hub.	Transporters	Carried Forward
Dis0501	27/05/10	2.3	Identify whether AQ Review system validation parameters can be released to indicate why amendments are passed for manual investigation	xoserve (AM)	Pending
Dis0502	27/05/10	2.3	Provide data on numbers passing and failing various AQ Review validation tests, and a profile of when amendments are received	xoserve (AM)	Pending
Dis0503	27/05/10	2.4	Amend Proposals 0292 and 0293 in light of Workstream discussion.	ScottishPower (KK)	Pending
Dis0504	27/05/10	2.5	Amend Proposal 0296 in light of Workstream discussion.	British Gas (DW)	Pending
Dis0505	27/05/10	3.2	Contact GE proposing that Topic 0044DIS be closed	Joint Office (BF)	Closed Post meeting note: Topic Proposer supports closing this topic.

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Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
Dis0506	27/05/10	3.4	Provide two draft ACS charges to Ofgem for their consideration of which methodology better meets the relevant objectives.	xoserve (AM)	Pending
Dis0507	27/05/10	3.4	Arrange an early meeting to develop AUGE terms of reference	Joint Office (BF)	Closed 8 June booked