

Review Group 0158 Minutes
Wednesday 22 August 2007
31 Homer Road, Solihull, B91 3LT

Attendees

Julian Majdanski (Chair)	JM	Joint Office of Gas Transporters
Helen Cuin (Secretary)	HC	Joint Office of Gas Transporters
Mitch Donnelly (Proposer)	MD	British Gas Trading
Alison Chamberlain	AC	National Grid Distribution
Brian Durber	BD	E.ON UK
Linda Whitcroft	LW	xoserve
Matt Smith	MS	xoserve
Phil Lucas	PL	National Grid Distribution
Rob Cameron-Higgs	RCH	Northern Gas Networks
Samuel Lydgate	Sly	Total
Sham Afonja	SA	RWE Npower
Simon Trivella	ST	WWU
Stefan Leedham	SL	EDF Energy
Sue Davies	SD	WWU
Joel Martin	JMa	Scotia Gas Networks

Apologies

Mark Jones	MJ	Scottish & Southern Energy
Richard Street	RS	Statoil
Sally Harling	SH	Corona Energy

1. Introduction and Review Group Operation

JM welcomed members to the first meeting and explained that the intention was to hold joint monthly meetings to discuss UNC 0158 with the Review Group Report being produced for the January 2008 UNC Panel Meeting.

2. Outline of Proposal

MD introduced the Proposal raised by British Gas Trading, briefly explaining the existing arrangements. In summary British Gas Trading want to improve the existing incentives with a two fold solution to incentivise the resolution of USRVs in a more timely manner and the implementation of a backstop which is important to Review Group 0126 / UNC Modification Proposal 0152 variants.

3. Consider Terms of Reference

Whilst reviewing the Terms of Reference ST questioned if the UNC Reconciliation Suppression Guidelines will need to be included within the scope. MD confirmed that the guidelines did need to be included within the scope of the Review Group as he believed the guidelines had not undergone a thorough review since 2004.

ST also questioned whether the Review Group ought to consider how USRVs are reported and whether existing USRV reports should continue to be published on an anonymous basis, or whether Shipper information ought to be released to help facilitate clearance. LW suggested that this may need to be managed as a separate UNC Modification Proposal however consideration ought to be included within the deliverables.

It was also suggested that clarification was added to the Information Sources Section to include Section E8 of the UNC and the UNC Reconciliation Suppression Guidelines.

Action 0001: Joint Office to update the Terms of Reference for Panel approval at the September Panel Meeting

4. Review Group Process

MD suggested that it would be useful to consider the age analysis of USRVs, the incentives and backstop arrangements. He proposed a compensatory interest regime on outstanding debit values which could be charged at the Bank of England interest base rate plus a percentage [1 or 2%] with a minimum value for release, to prevent non economic small payments. He believed this would provide an appropriate incentive relative to the amount.

Action 0001: All to consider what level of interest would be appropriate.

LW enquired if this would apply to both credits and debits, expressing a concern with applying an interest rate to debits only. MD confirmed that credit interest would be at base rate.

MS questioned if the interest would be calculated before netting of debits and credits. MD confirmed that was proposed as the rates of interest were different.

LW requested clarification on the interest payment and whether this would be a monthly calculation. MD confirmed it would.

MD highlighted that the interest system only works for resolvable USRVs and this is why a backstop needs to be considered for irresolvable items.

MD confirmed the penalty payments would be paid to RbD Shippers on a market share basis.

SL questioned whether xoserve could provide any analysis on irresolvable USRV's. LW confirmed that this is not possible commenting that the resolution of USRVs will become more complicated with age.

MD requested xoserve provide an age analysis of USRVs and details of released values, debits and credits separately (within 6 months, 12 months and then 18 months). This would illustrate if an interest mechanism would be beneficial or not. MD asked if debits and credits could also be collated by supplier as this would highlight if there is an issue with resolution of USRV for credits more than debits.

Action 0002: xoserve to consider the extent of USRV information that can be provided, initially providing an age analysis of USRVs and details of released values, debits and credits separately (within 6 months, 12 months and then 18 months).

MD also requested if xoserve could provide what the high level system impacts may be for calculating interest.

Action 0003: xoserve to provide some high level system impacts for calculating interest.

MD's initial thoughts on a backstop mechanism involved a Transporter led resolution system via xoserve. He envisaged xoserve obtaining meter asset details and meter reads and undertaking reconciliation with this information, at a cost to the Shipper. If two

Shippers are involved the costs and reconciliation would be divided appropriately. This system would be very similar to that which Transco offered pre Network Sales to resolve USRVs. SD questioned at what point the backstop mechanism would be instigated. MD suggested 4 months before the suppressed period drops out of the reconciliation close out window associated with UNC 0152V, 0152AV or 0152VB.

JMa questioned if costs of obtaining reads and system updates would be directly reflective costs, which was confirmed.

LW questioned the likelihood of Shippers wanting to instigate the same service directly from xoserve to limit exposure. LW highlighted that Shippers may want to instigate such a service when a site has transferred supplier with an inherent USRV.

JMa questioned what would happen if the warrant visit was not able to resolve the issue, or the asset information is not updated in a timely manner. MD expressed that he was not seeking a regime where the responsibility rests with xoserve to resolve USRVs on the behalf of Shippers. MD suggested the possibility of a backstop appeal process where Shippers can prove reasonable endeavours have been made to resolve a USRV but failed. LW suggested that a commercial service may need to be initiated rather than a get out clause being applied.

LW questioned negligible USRVs and noted that there were many different reasons for unresolved USRVs.

Action 0004: All to consider charging arrangements for a backstop mechanism.

Action 0005: xoserve to consider and provide example scenarios that may occur.

5. Diary Planning for Review Group

12:00, Wednesday, 26 September 2007, Conference Room 5, 31 Homer Road, Solihull following the Billing Operations Forum

10:00, Tuesday, 16 October 2007, Elexon, 350 Euston Road, London.

6. AOB

None.

APPENDIX A.**ACTION LOG - Review Group 0158**

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
RG0158 0001	22/08/2007	4	All to consider what level of interest would be appropriate.	All	Action: Pending
RG0158 0002	22/08/2007	4	xoserve to consider the extent of USRV information that can be provided, initially providing an age analysis of USRVS and details of released values, debits and credits separately (within 6 months, 12 months and then 18 months).	xoserve (LW)	Action: Pending
RG0158 0003	22/08/2007	4	xoserve to provide some high level system impacts for calculating interest.	xoserve (LW)	Action: Pending
RG0158 0004	22/08/2007	4	All to consider charging arrangements for a backstop mechanism.	All	Action: Pending
RG0158 0005	22/08/2007	4	xoserve to consider and provide example scenarios that may occur.	xoserve (LW)	Action: Pending