

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

**Attendees**

Bob Fletcher (Chair)	BF	Joint Office
Helen Cuin (Secretary)	HC	Joint Office
Amrik Bal	AB	Shell Gas Direct
Andrew Wright	AW	Elxon
Andy Miller	AM	xoserve
Anne Jackson	AJ	SSE
Brian Durber	BD	E.ON UK
Chris Shanley	CS	National Grid NTS
Chris Warner	CW	National Grid Distribution
David Watson	DW	British Gas
Gareth Evans	GE	Waters Wye
Hazel Ward	HW	RWE Npower
Jemma Woolston	JW	Shell Gas Direct
Jenny Boothe	JB	Ofgem
Joel Martin	JM	Scotia Gas Networks
Karen Kennedy	KK	Scottish Power
Karron Baker	KB	Ofgem
Kevin Woollard	KW	British Gas
Linda Whitcroft	LW	Xoserve
Mark Jones	MJ	SSE
Phil Broom	PB	GDF Suez
Phil Lucas	PL	National Grid Distribution
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. However, he anticipated that this action is now redundant with recent considerations. See item 2.5. **Closed.**

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

**Action Update:** See item 2.5. **Complete**

**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.

**Action Update:** See agenda item 2.4. **Complete**

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

**Action Update:** ROM provided. See item 2.5. **Complete**

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

**Action Update:** BF confirmed completion of this action and that UNC0279 had been issued to consultation. **Complete**

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

**Action Update:** BF confirmed completion of this action and that UNC0279 had been issued to consultation. **Complete**

**Action 0207:** UNC0282 - BF to invite Elexon to present to next meeting on P196 and the electricity parallels.

**Action Update:** Andrew Wright in attendance. See item 2.1. **Complete**

**Action 0208:** UNC0282 - CW to present a timeline based on the present UNC obligations.

**Action Update:** See item 2.1. **Complete**

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

**Action Update:** See item 2.6. ST confirmed that some comments have been provided and are being considered. He anticipated that a draft modification would be raised for consideration at April's Workstream.

**Complete**

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

**Action Update:** It was agreed to carry this item forward to the meeting. **Carried Forward.**

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

**Action Update:** JM confirmed that no further feedback had been provided and that previous comments have been considered. He confirmed that the modification would be amended for consideration at April's UNC Panel Meeting. **Complete**

**Action 0212:** 0044Dis - Transporters to confirm that DM equipment is compliant with the advanced metering requirements expected to apply from April 2014.

**Action Update:** Transporters confirmed that the equipment is compliant. GE requested formal confirmation from Transporters covering the three concerns raised. **Complete.**

**Post Meeting Note:** *ST confirmed on behalf of Wales and West Utilities that all the DM equipment they install will fulfill their Daily Read Equipment obligations under the UNC:*

*a) provides measured gas consumption data for multiple time periods, and is able to provide such data for at least hourly time-periods; and*

*(b) is able to provide them with remote access to such data.*

*NGD confirmed that Daily Read Equipment installed at Daily Metered (DM) Supply Points on its behalf by its service provider, meets the same specification to that identified above.*

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

**Action Update:** See agenda item 4.2. **Complete**

### 1.3. Review of Live Modification Proposals

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

## 2. Modification Proposals

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

BF highlighted the need to amend the Terms of Reference as discussed at the March UNC panel meeting, consideration of the isolation timeline and for Elexon to explain the process in electricity industry.

AW explained that the Vacant sites process which was recently by P196 has now been amended. He suggested that the Workstream needed to consider the current process P245 opposed to the previous process P196. He understood the UNC0282 had been based on P196. He explained that the vacant site timescale process was changed for six monthly read sites to be considered if a read had not been obtained after seven months and two and a half months opposed to three months for monthly read sites. He also confirmed that these periods are referred to in days rather than months to avoid any misinterpretation or ambiguity. PB questioned if half hourly and hourly meter read sites are included, AW explained these are excluded from the process.

BF asked if there were there any safety aspects/concerns within the electricity market for vacant sites. AW explained that the electricity did not perceive to have any safety issues if regular site visits and the use of necessary warrants were in place. SM wished to understand the grounds of safety and where it may be difficult to obtain a warrant on the grounds of safety. BD challenged the difficulty of obtaining a warrant as the justification as Shippers would have to have reasonable grounds to suspect an unsafe situation, he believed it would not be possible to obtain a warrant simply to isolate the premises.

AW explained that the electricity read process would estimate consumption where meter reads cannot be obtained however if a site was vacant it would not be consuming energy and was one of the main reasons for implementing the Vacant site process. He explained that the P196 is an optional provision and can be avoided if a party wished to mitigate the expense of administrating the process and take a hit on the estimated energy consumption instead. It was noted that the P196 process is not mandatory. HW asked about the level of take-up. AW confirmed that this could be provided to the Joint Office.

**Action Dis0301:** AW to confirm the level of take up on the Electricity's Vacant Site Process.

JM asked if the Electricity market monitored how may Vacant Sites there are and the questioned the typical periods a site would remain vacant.

**Action Dis0302:** AW to provide information on the number of vacant sites and the typical vacant period within the Electricity market.

SL asked if an isolation process exists within the electricity. AW confirmed that a meter can be de-energised but this is a costly process. He explained that the cost and benefits of this was considered during the development of Vacant Sites.

KK asked about the de-energising process. AW confirmed that he would provide some details on the de-energising process and timescales.

**Action Dis0303:** AW to provide some details on the de-energising process and timescales.

BD asked about the attempts to contact customers. AW confirmed that the Vacant Site process is audited this was one element picked up within the audit. A working group has looked at the process but it did not want to create an obligation in code for proactive attempts to contact customer. He highlighted an example of failed attempt to contact the customer and that attempts need to be sensible.

JM asked if the ToR safety reference could be more clearly pointed towards organisations safety cases - Transporters, Shippers and Suppliers. SM questioned the safety case for Suppliers and Shippers and pointed out this may not extend to communicating with the HSE. RS explained that all companies would have safety obligations that they need to adhere to but he was uncertain if there would be a specific safety case like the Transporters.

**Action Dis0304:** Shippers/Suppliers to confirm if there is a specific Safety Case.

RS suggested that the existing 3<sup>rd</sup> bullet in the scope and deliverable may be too restrictive. He highlighted the strengths of this proposal will provide for better cost allocation, reconciliation and that the deeming processes will work better

PB asked about commodity sites. KK confirmed that these sites will fall into the scope of the modification. RS explained the need to make sure the modification is future proofed for smart meters. PB explained eyeball reads are less frequent on AMR sites. SM highlighted that some AMR meters may provide no consumption reads, this does not necessarily mean the site is vacant. RS explained holidays can result in no gas consumption, summer when gas may only be used for heating may also result in zero consumption and this will need to be taken into account for AMR sites. KK explained the process would be to ascertain if the site is vacant.

CW provided a timeline for the current UNC isolation rules. The end to process was explained for the physical regime and a commercial regime. At the point of isolation and withdrawal the site would cease to be registered and cessation of all charges this includes the capacity charges and customer charges will cease.

CW confirmed that National Grid Distribution have some sympathy on what is trying to be achieved but opposed the manipulation of the AQ. He believed that in principle manually intervening with the AQ was not the way to resolve the issue of a vacant site.

ST explained that amending the AQ is one solution but he believed this should remain unchanged. He believed that there is no need to change an AQ, a Shipper need not change the AQ for the purposes of allocation, it would simply not allocate. CW believed there are other solutions that could be explored such as the use of a Vacant Site flag. He strongly believed that capacity and customer charges should not cease if a shipper

remains registered but there could be a way energy could cease to be deemed. Consideration was given to freezing the capacity AQ.

ST asked if this process would need to include external meters and whether this needs to be clarified within the proposal.

It was agreed further debate is required on this modification. It was confirmed that meetings have been scheduled 28 April 2010 and 24 May 2010.

## **2.2. Proposal 0283: Removal of Bottom Stop SOQ**

CW provided a presentation on the issues raised at the UNC Panel meeting. He confirmed that these have all been addressed and are reflected in a draft amendment to the modification.

RS asked if the Bottom Stop SOQ were amended to the value of the SOQ, this would have no affect on Shippers.

JB asked why the Bottom Stop SOQ needs to be removed. RS explained that this was put in place to prevent gaming but will be redundant due to the changes in the interruptible gas market, as these will become firm supply points.

PL provided an illustration of the current disaggregation regime and how the Bottom Stop SOQ determines the prevailing SOQ for new supply points. JB asked what would happen if consumption drops below the expected level. PL explained that this proposal would not change the current procedure for amending SOQs.

The proposed ratchet regime was considered and some concern was expressed about having all year round ratchets. CW confirmed this element has been removed from the modification proposal. SM believed that if changes were made to the ratchet regime, its potential impact on seasonal gas users would need to be considered.

KB asked if there were any concerns with changing Bottom Stop SOQs and if this would impact longer term system planning. CW did not envisage changing the ratchet regime in line with this change. He explained that this proposal is stand-alone and is not dependant on other changes.

PL provided a draft amendment to the proposal highlighting the changes. He explained that some further justification for the proposal has been made, clarifying the interruption regime post October 2011 and further specific information on how the relevant objectives will be met.

It was anticipated the Workstream report should be considered at the next Workstream Meeting.

## **2.3. Proposal 0229: Mechanism for Correct Apportionment of Unidentified Gas – Guidelines Document Tendering Process**

CW provided a presentation. He highlighted that Ofgem are minded to accept UNC0229. However, DNOs had some concerns with the associated guidelines, clarifying that discussions have taken place with the proposer. In principle, Shell Gas Direct understand the concerns raised though they do not consider the risks to be as high as stated by DNOs.

CW confirmed that he has issued a draft document on how the guidelines could be amended. JB asked about scope of the changes, where agreements cannot be agreed and how the organisations independency can be assured.

GE asked if CW could publish the concerns raised by the Transporters and Shippers will provide their response to enable consideration of the different views.

**Action Dis0305:** DNOs to provide concerns and response document to the Joint Office for publication.

**Action Dis0306:** Shell to provide their responses to the DNOs concerns for publication by the Joint Office.

AB confirmed that he is happy to work with the DNOs to address the concerns raised where the process allows. RS pointed out some of the issues raised have been considered within the Development Group especially the point on deadlock, it was believed that the process was reasonable.

The governance arrangements for amending the guidelines were discussed and how these could be amended through the UNC Committee.

GE explained that the key date for a tender to be issued is October and that the UNC Committee will have until September to come up with a tender for issue.

CW asked about the funding and how the Transporters are able to recover the costs for adopting the tender. He asked how the methodology for this would work. AB highlighted that the agreement was that Transporters would not bare any costs. RS highlighted that by not having a stated methodology it allowed the Transporters to manage this as they deem appropriate.

It was anticipated that the guidelines will be finalised within the Workstream if however the modification was directed for implementation these would be managed by the UNC Committee.

#### **2.4. Proposal 0248: Meter Reading Replacement**

AM advised the ROM has been updated for a demand of 11,600 per year. However, due to the unique data storage requirements it has proved difficult to provide a ROM. Nevertheless using a broad-brush approach, the cost was anticipated to be ranging between a lower end of £400k up to £1.5m for the implementation costs and this did not include the ongoing operational costs. Without a DCA it was difficult to provide a better indication of costs.

SL advised that following provision of the likely implementation costs, EDF Energy is considering withdrawing Proposal 0248.

**Action Dis0307:** EDF Energy to confirm they intend to withdraw modification UNC0248.

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

AM advised that the ROM had been produced. The analysis had resulted in two options, one for threshold crossers and another for all AQ amendment updates.

Under Option 1 it was anticipated that service costs would be manageable and probably between £5k and £20k per annum. Development time would need approximately 16 to 22 weeks, but could not be implemented before October 2010. AM explained that xoserve would not wish to implement this change whilst the AQ Review process was in progress so as not to jeopardise the AQ process.

AM expressed concern for the potential increase in AQ amendments under Option 2. Due to the possible extent of AQ amendments xoserve were

unable to provide costs aspects for this part of the proposal. It was envisaged that Option 2 at this stage is unmanageable. SL challenged the demand forecast, AM explained if Shippers can amend the AQ 1% downwards it could result in a significant increase in AQ amendments. SL did not believe this would increase AQ amendments. AM explained the assessment was that this could result in millions of AQ amendment coming through. If Option 2 were the preferred route, demand would need to be understood or limitations agreed.

SM was concerned that xoserve had made certain assumptions on the options. AM explained that the UNC would have a statement to allow AQ amendments to be amended and this does not preclude the possibility of all AQs being changed as later meter read information became available. PB suggested that capacity limits could be considered to offer protection.

RS believed that the two options do different things, both having different merits with different problems and timescales. It may be an option to progress two different modifications. Option 1 as a short term change, with Option 2 as a longer term solution.

SL explained that EDF Energy portfolio changes reflect the 20% rule will constrain EDF Energy and prevent them amending AQs, SL wished to have an interim measure until rolling AQs is implemented and expressed EDFs preference for Option 2.

RS was concerned that the original amendment was for threshold crossers only and Option 2 was for more than just threshold crossers.

It was considered a new proposal may be required to develop Option2, though SL was concerned that Option 2 may have been overstated. MJ suggested looking at levels of potential service demand. DW again suggested a number of options, to reduce the 20% rule by 5%, capping the number of amendments or removing the threshold crossover.

LW highlighted that nothing in the proposal could prevent Shippers reducing their AQs and would pose a significant risk to xoserve.

DW asked if the threshold was reduced by 1% or 5% opposed to reducing it from 20% to 0% how this would impact current arrangements. DW suggested looking at the lowest level that could be achieved without impacting xoserve systems.

RS believed the demand could be calculated by looking at the 20% that could be appealed. He suggested looking at 5% bands and the potential number of appeals.

SL confirmed that he would consider the ROM further and either amending the existing modification or raise a new proposal.

ST asked for feedback on the ROM format and the possibility of publishing the ROM alongside the Proposal. Shippers preferred this format and welcomed the report.

## **2.6. Draft Proposal: Population and Maintenance of MSC**

ST confirmed that a draft Proposal will be produced and presented at the next Workstream see action update Dis0209.

## **2.7. Draft Proposal: Extending Rights to Protected Information Provisions for Meter Asset Managers/Registered Metering Applicants**

JM confirmed that the annex has been amended and that it is anticipated that the proposal will be raised for the UNC Panel Meeting in April.

## **2.8. Proposal 0286: Extending Modification Panel Voting Rights to Consumer Representatives**

BF highlighted an alternate had been raised by British Gas. SL confirmed EDFs intention is to expand the role of Consumer Representatives to allow them to vote, bringing UNC Panel inline with the BSC.

DW explained that ideally British Gas would have preferred to wait until after the governance review. However, they have raised an alternate to cover areas that they are not in agreement with. They consider one voting representative is sufficient and that Consumer Focus should approve the representative.

The definition of a Consumer within the Consumer, Estate Agents and Redress Act 2007 was discussed, as this can be an individual consumer, it was agreed it would be pertinent not to leave this open.

ST expressed that there are other various things that may wish to be addressed.

ST also highlighted that there has been no justification for having a voting Consumer representative and that the UNC Panel voting may prevent parties from seeking an appeal. He would have preferred if Consumers had a voice within the current arrangements but no votes.

## **3. Topics**

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

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

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

See action updates

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

### **3.4. GE confirmed that Transporters are currently looking at this and will report back next month,**

### **3.5. New Topics**

#### **3.5.1. Third Energy Package.**

HW asked about the Third Energy Package proposing to change the time frame for supplier switching. All acquisitions will have to be completed within three weeks and this will have impacts on the UNC. It was agreed that an understanding of the requirements was needed. JB confirmed that this is in hand a collective view from Ofgem and DEC on its interpretation will be provided.

## **4. AOB**

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

This was carried forward to April's meeting.

### **4.2. ROM Evaluation Summary Report**

AM provided a populated example of a spreadsheet for reporting on ROMs.

It was proposed that this would be published alongside the Modification Register and updated fortnightly. It would be a snapshot of progress and would not remove the existing communication process with the proposer. In addition the ROM will be published with the Modification Proposal.

Some concern was expressed about the fortnightly updating, it was requested if this could be updated and published each time the status



changed on a ROM. AM suggested starting off with fortnightly publishing with a view to reviewing its update timescales.

AM asked if it was possible to monitor the number of hits for the documents. BF suggested it might have to be published on a separate page in order to this.

**Action Dis0308:** ROM Evaluation Summary Report to be published on the Joint Office website

#### **4.3. Mod640 Changes**

LW confirmed that the Mod640 updates are now on the xoserve website and will be updated as and when. The documents will be available within the UK Link Documentation section of the xoserve website under folder 20 "MOD640 End of Year Reconciliation" – it is not possible to provide a direct link as this is a secure website.

#### **4.4. DM Elective**

LW confirmed that recent feedback from the DM elective transfer read workshop is the business rules, analysis and the way in which xoserve intend to build the process does not meet the service requirements. Further workshops have been requested to clarify the position, though this will increase costs and delay implementation.

SM asked if the workshop will discuss all the potential DME scenarios and why implementation could be delayed. LW was aware implementation had been discussed at the UK Link committee. However, they needed time to consider the changes and implementation timescales. PB agreed UK Link is the correct group to discuss implementation, though doubted this would affect the overall timescales for implementation.

RS was concerned any delay in implementation eroded the expected benefits of implementation of the proposal prior to Nexus, therefore this should be considered by the UK Link committee during their discussions on implementation.

#### **4.5 Point of Exit Capacity Update**

CS advised two workshops had been held to discuss exit capacity and most attendees had reported the experience as being useful. Full details of the workshops can be found on National Grid NTS website.

### **5. Diary Planning for Workstream**

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

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**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)	Closed
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)	Complete
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)	Complete
Dis0204	25/02/10	2.2	UNC0271 - Indicate when the ROM is expected to be available	xoserve (AM)	Complete
Dis0205	25/02/10	2.3	UNC0279 - Publish Workstream Report and add to Panel agenda	Joint office (BF)	Complete
Dis0206	25/02/10	2.3	UNC0279 - Formally raise amended version of Modification Proposal	GDF Suez (PB)	Complete
Dis0207	25/02/10	2.4	UNC0282 - Invite Elexon to present to next meeting on P196 and the electricity parallels	Joint Office (BF)	Complete
Dis0208	25/02/10	2.4	UNC0282 - Present a timeline based on the present UNC obligations	National Grid Distribution (CW)	Complete
Dis0209	25/02/10	2.6	Provide feedback on the Population and Maintenance of MSC draft proposal to Wales & West Utilities	All	Complete
Dis0210	25/02/10	2.8	Indicate how provision of information to MAMs and the associated charges would be regulated	Ofgem	Carried Forward
Dis0211	25/02/10	2.8	Provide feedback on the draft Proposal facilitating	All	Complete

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
			information release to MAMs to Scotia Gas Networks		
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	Complete. Post Meeting note provided.
Dis0213	25/02/10	4.2	xoserve to present revised ROM progress report for discussion at next meeting	xoserve (AM)	Complete
Dis0301	25/03/10	2.1	UNC0282 - AW to confirm the level of take up on the Electricity's Vacant Site Process.	Elexon (AW)	Pending
Dis0302	25/03/10	2.1	UNC0282 - AW to provide information on the number of vacant sites and the typical vacant period within the Electricity market.	Elexon (AW)	Pending
Dis0303	25/03/10	2.1	UNC0282 - AW to provide some details on the de-energising process and timescales.	Elexon (AW)	Pending
Dis0304	25/03/10	2.1	UNC0282 - Shippers/Suppliers to confirm if there is a specific Safety Case.	Shippers/Suppliers	Pending
Dis0305	25/03/10	2.3	UNC0229 - DNOs to provide concerns and response document to the Joint Office for publication.	DNOs	Pending
Dis0306	25/03/10	2.3	UNC0229 - provide their responses to the DNOs concerns for publication by the Joint Office.	Shell Gas Direct (AB)	Pending
Dis0307	25/03/10	2.4	Confirm they intend to withdraw modification UNC0248.	EDF Energy (SL)	Pending
Dis0308	25/03/10	4.2	ROM Evaluation Summary Report to be published on the Joint Office website.	xoserve (AM)	Pending