

Review Group 0162 Minutes
Monday 01 November 2007
Elexon, 350 Euston Road, London NW1 3AW

Attendees

Julian Majdanski (Chair)	(JM) Joint Office of Gas Transporters
Mike Berrisford (Secretary)	(MB) Joint Office of Gas Transporters
Alison Russell	(AR) Centrica
Anna Taylor	(AT) Northern Gas Networks
Bernard Kellas	(BK) SSE
Denis Aitchison	(DA) Scotia Gas Networks
Dennis Timmins	(DT) RWE Npower
Fiona Upton	(FU) EON UK
John Edwards	(JE) Wales & West Utilities
Laura Lyons	(LL) ScottishPower
Lorraine Goodall	(LG) Scotia Gas Networks
Steve Armstrong	(SA) National Grid Distribution
Steve Edwards	(SE) Wales & West Utilities
Sundee Klair	(SK) Energy Networks Association
Steve Marland	(SM) National Grid Distribution

1. Review of Minutes and Actions

1.1 Minutes

AR highlighted an anomaly in section one, paragraph two whereby the term 'Revenue Reporting' should read as 'Cost Reporting'. Thereafter, the minutes of the 15 October 2007 meeting were accepted.

1.2 Review of Actions

RG0162 0003 – see 2.1 below.

RG0162 0005 – Completed.

Action RG0162 0005: Closed

2. Review Group Process

2.1 Allowed and Collected DN Revenue

Governance of a proposed ancillary document was discussed. Concerns were raised over the requirement for a UNCC Panel Majority before any change to the document could take place. It was argued that 'consensus' or 'unanimity' would be preferable. JM suggested that the use of these alternatives would leave the risk of never being able to reach agreement. Furthermore, to change the established voting arrangements for Code ancillary documents would require a UNC Modification.

SE provided a brief presentation (available from <http://www.gasgovernance.com/Code/Reviews/RG0162/01Nov07/>)

SE explained that following the discussion at the previous meeting, the DNs have struggled to get a clear legal view on what is an acceptable level of detail, and suggested the information now displayed within his presentation as being a representative level. The main changes proposed since the previous meeting are:

- addition of figures showing 'Core Allowed', 'Cost Pass Through' and 'Incentives';
- expansion of 'Movements' to 'Cost Pass through Movements', 'Incentives Movements' and 'K Movement'; and
- change in blue band title from
 - 'Indicative Price level change needed for Collected to = Allowed in Oct' to
 - 'Arithmetic October Price level change needed for Collected to = Allowed'.

SE said the DNs believe this report is more meaningful than the provisions of the Network Code 0698 report(s), and as a consequence, would be happy for the revised reporting to replace that of 0698.

AR asked if the figures provided were percentage numbers, and that total outturn would not change. SE confirmed that they were and outturn does not change. SA reminded members that the provision of this information should not be mistaken for a formal notice.

AR wondered if the blue line should be split into Capacity/Commodity charges, but SE did not necessarily support this view.

SE continued that he is checking with the Authority as to the potential impact of changes in RAV within the next price control and beyond. Furthermore, Shippers should be aware that any changes in RAV would be included within the price control proposals for 2013/14.

AR remained concerned about being in a position to be able to accurately forecast changes in charge levels. SE acknowledged that some difficulty would remain, but suggested that Shippers may be able to interpret the final years (2012/13) and extrapolate forwards. Further discussions on this matter will need to be undertaken from 2010/11 onwards. DA argued that obtaining RAV from the cost reporting mechanisms is a better option. Additionally, he believed the release of actual RAV figures by the DNs in advance of the price control proposals would be fundamentally wrong.

SE stated that this proposed level of reporting provides a framework that is capable of supporting future forecasting and modeling requirements and added that the DNs would include commentaries covering both timing and structure details to assist Shippers in their predictions.

Following discussion about timings for issuing reports, the DNs agreed to investigate further, and subject to their respective legal positions, report findings at the next meeting.

It was agreed that action RG0162 0003 should remain open and be carried forward to the next meeting.

JM asked for views on progressing UNC Modification Proposal 0160. DT thanked the various parties involved in discussions, and believed that a good compromise had been achieved. Consideration will still need to be given to assumptions, commentary definitions (shrinkage, mains replacement etc.) and timings. However, the report as presented satisfies the requirements of Modification Proposal 0160 and he would be keen to receive the first report in January 2008. On behalf of the DN's, AT suggested that, regardless of the status of Modification Proposal 0160, the DNs would look to publish reports in January, without prejudice, as a goodwill gesture.

JM suggested that ideas for a new or revised Modification Proposal could be discussed at the next meeting.

Action RG0162 0003: Carried Forward

2.2 UNC Modification Proposal 0160 – Completion of Workstream Report

In light of progress, DT indicated that, subject to a successful resolution of 0162, DN feedback and/or the raising of a new Modification Proposal by the DNs, he would be prepared to withdraw 0160 at an appropriate time in the future. In light of this, it was agreed to defer this item.

3. Diary Planning for Review Group

It was agreed to next meet on Thursday 29 November 2007, preferably in Solihull.

Action RG0162 0006: Joint Office to arrange meeting on 29 November 2007 in the Solihull area.

4. AOB

None.

APPENDIX A

ACTION LOG - Review Group 0162

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
RG0162 0003	13/08/2007	4.0	Members to review Network Code Modification 0698: consider current information availability and the additional data items required.	All (SE/AR)	Consideration is ongoing. Shipper views will be sought by AR, DN views by SE. Carried Forward
RG0162 0005	15/10/2007	3.0	Joint Office to arrange meeting on 01 November 2007.	Joint Office (MB)	Completed. Closed
RG0162 0006	01/11/2007	3.0	Joint Office to arrange meeting on 29 November 2007 in the Solihull area.	Joint Office (MB)	To be confirmed.