

Distribution Workgroup Minutes

Wednesday 05 January 2011

Via Teleconference

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Helen Cuin (Secretary)	(HC)	Joint Office
Alan Raper	(AR)	National Grid Distribution
Alison Jennings	(AJ)	xoserve
Andrew Wallace	(AW)	Ofgem
Brian Durber	(BD)	E.ON UK
Cesar Coelho	(CC)	Ofgem
Chris Warner	(CW)	National Grid Distribution
Dave Turpin	(DT)	xoserve
David Watson	(DW)	British Gas
Gareth Evans	(GE)	Waterswye
Jemma Woolston	(GW)	Shell Gas Direct
Joel Martin	(JM)	Scotia Gas Networks
Jonathan Wisdom	(JW)	RWE npower
Karen Kennedy	(KK)	Scottish Power
Linda Whitcroft	(LW)	xoserve
Marie Clark	(MC)	Scottish Power
Mark Jones	(MJ)	SSE
Simon Trivella	(ST)	Wales & West Utilities
Steve Mulinganie	(SM)	Gazprom

1. Introduction and Status Review

1.1. Minutes from the previous meeting

The minutes of the previous meeting were approved.

1.2. Review of action from previous meetings

Action Dis0808: 0045Dis, Handling of Emergency Situations at Priority Customer Sites – Provide a statement of the actions/approach to be taken by Transporters when attending commercial sites that should be considered a priority.

Action Update: Action Deferred. **Carried Forward.**

Action Dis1107: UNC0282 - xoserve (LW) to clarify whether the implementation could be shortened if the cost were increased.

Action Update: LW clarified that the implementation time required could not be reduced by increasing costs. **Complete.**

Action Dis1108: 0047Dis - Transporters to consider the impacts of implementing option 8.

Action Update: See item 2.1. **Carried Forward.**

Action Dis1109: 0052Dis - National Grid (CW) to report on the approach to dealing with illegitimately connected sites that were either safe or unsafe, and whether a commercial disconnection service might be provided.

Action Update: Action Deferred. **Carried Forward.**

Action Dis1110a: National Grid Distribution to provide formal communication to the Joint Office concerning the Bank Holiday on 29 April 2011 for onward circulation.

Action Update: CW confirmed that a formal communication had been provided through the UK Link Committee, nevertheless he would provide the Joint Office with a further communication for onward circulation. **Complete.**

Action Dis1203: JM and SB to review Proposal 0331 to ensure legal text can be produced.

Action Update: Item deferred until 27 January 2011. **Carried Forward.**

Action Dis1204: National Grid NTS to provide details of the incentives, the licence condition and the impact of re-aligning the SO charges.

Action Update: Action Deferred. **Carried Forward.**

Action Dis1205: Shippers to quantify the detrimental effects on the current payment timescales.

Action Update: Action Deferred. **Carried Forward.**

Action Dis1206: National Grid Distribution to provide details on the impact to DNOs, if there was a change to the RbD timeline to bring it in line with the NTS credit timelines.

Action Update: Action Deferred. **Carried Forward.**

Action Dis1207: National Grid Distribution to provide a legal view on the ability to reconcile charges.

Action Update: CW explained that it would be inappropriate to direct the AUG to net off the £2.7 in the event that the dates within either UNC0339 or UNC0340 could not be met. He explained if either modification were implemented there would be a need to reconcile. If netting off is required this would require a modification amendment. CW clarified that if UNC0339 was implemented and the AUG statement was provided in time this would not be an issue. However GE expressed concerns about missing the date and that there is a risk that the 2012 date could be missed due to non-agreement of the changes. He was concerned that in the attempt to add clarity both modifications were creating risks. He was concerned that despite the efforts of Shippers and Transporters they are dependent on a Third Party to provide a statement that can be agreed upon. **Complete.**

Action Dis1208: All to consider possible mechanisms and enforcement for further discussion on 27 January 2011.

Action Update: Action Deferred. **Carried Forward.**

Action Dis1209: xoserve to provide clarity on the impacts on the last day, the possibility of an extended window, and how T04 files could be processed earlier.

Action Update: LW explained that xoserve could allow Shippers to send in amendments the business day prior to the 01 June to make the day up for those who run overnight batch systems and process files after the 9pm run on the last day. She also explained the process for sending T04 files SSP- SSP earlier to allow earlier consideration of these before the SSP-LSP files are submitted by Users. LW clarified that the first batch of SSP-SSP T04 files would be sent between 22 to 30 April. DW asked when this could be signed off through the UK Link Committee, however he highlighted that Shippers would have to make process changes to consider the files earlier. British Gas in particular would have to consider the availability of their service provider for the management of early provision of T04 files. DW expressed concern about the 2011 implementation and

the ability to affect system changes within one or two months which would disadvantage British Gas against other Shippers. DT confirmed that xoserve can enact the changes the industry need, dependent on Ofgem making a decision on the appropriateness of such a change. The early provision of SSP-SSP T04 files would allow Shippers to undertake pre-work on files and enable them to make better utilisation of the window, however this would not increase the duration of the window. **Complete.**

Action Dis1210: SL/AR to provide a view on whether the Guidance Document can be operated under the current UNC rules.

Action Update: See item 3.1. **Complete.**

Action Dis1211: xoserve to consider the implications if the Registered User does not remove the NDM SSP from the Vacant Process and consider if xoserve ought to remove sites from the Vacant Process under business rule 15.

Action Update: CW compared the process to the isolation process. It was concluded that xoserve would not remove the flag. **Complete.**

Action Dis1212: xoserve to consider the implications of removing the Bank Holidays and weekends for the registration and confirmation process.

Action Update: See item 2.1 Ongoing needs further analysis due to identified complexities. **Carried Forward.**

2. Issues

2.1. 0047Dis, Third Energy Package

AJ explained that no formal analysis had been undertaken. However, xoserve have briefly looked at Option 8 to change the UNC rules to treat Bank Holidays as working days. It was anticipated this would be a relatively simple change as the Bank Holidays have to be set each year. Though there would need to be consideration undertaken on the consequential impacts to invoicing on non-working days and SPAA dates including the opening read. AJ explained that removing Bank Holidays would affect read windows, nomination referrals etc which would in effect shorten windows for Shippers. AJ suggested that consideration need to be given whether the SPAA and Read processes need to be decoupled; however this would make the change much more complicated. Consideration would have to be given on how to manage the affected Third Energy Package processes.

LW highlighted that EDF Energy had asked xoserve to consider the removal of weekends as well as Bank Holidays. She explained from a Shipper system perspective a wholesale change would entail the same amount of work, thus both options could to be considered.

ST's initial response was that Option 8 was not as viable as originally thought. AW asked if there were any Shipper considerations that could be undertaken from a system point of view. AJ highlighted that Option 6 beginning the transfer process during the customer cooling off period may be an option. DW expressed concern about enacting a site transfer during the cooling off period as this could result in an increase in erroneous transfers when the customer chooses to utilise the cooling off period. He highlighted that the customer cooling off period does not align with the Shipper objection window. AJ enquired about the use of the voluntary withdrawal process. She was concerned that some of the options may need to be reconsidered as an immediate solution. DT explained that the change would be relatively simple. However, this would impact read windows, therefore Shippers need to urgently consider this impact. Batch processes and the knock on affects should also be considered.

xoserve predicted a two month lead time to remove Bank Holidays and suggested that the industry may need to consider other options as contingency or as a stop gap.

ST asked if Shippers could request a transfer within the last two days of the cooling off period. He questioned the volume of customers that use the cooling off period particularly in the last two days, to determine if it was material.

It was highlighted that the first Bank Holiday would be Good Friday 22 April 2011. It was acknowledged that an urgent Modification would be required to process the removal of Bank Holidays.

It was agreed further consideration will be required on 27 January 2011 and would be the first agenda item.

New Action 0101: Shippers to consider the implications to read windows on the removal of Bank Holidays.

New Action 0102: xoserve to undertake system analysis and confirm lead time required.

New Action 0103: National Grid Distribution to draft a Modification for the removal of Bank Holidays.

New Action 0104: All to consider other options as a contingency to Option 8.

3. Modification Proposals

Copies of all materials are available at: <http://www.gasgovernance.co.uk/dist/050111>

3.1. **Proposal 0292 – Proposal 0292 - Proposed change to the AQ Review Amendment Tolerance for SSP sites – Draft Guidance Document**

DW wished to understand if the Guidance Document would have formal governance, like other UNC ancillary documents. DW also asked when final Guidance Document would be ready as it drives the required system changes. It was explained that the Modification creates the obligation to produce and publish reports. ST anticipated that the final version would be issued with the Final Modification Report for Ofgem to consider. ST explained that any changes to the document would be discussed with Users in advance.

LW explained that EDF Energy wished to understand if the UNC prohibited a 5pm cut off point within the Guidance Document. AR believed from the update provided under Action 1209 with regards to early T04 files and a provision to send in amendments the business day prior to the 01 June and to process files after the 9pm run on the last day, that this consideration had been superseded.

LW requested that a decision is made on the principal to be used for processing additional capacity. She explained the difference between the Scottish Power proposal and the xoserve proposal. With either proposal xoserve guarantee to process files to the original allocation. Additional capacity will then be allocated to Shippers requesting amendments above their original allocation by one of the two methods.

LW highlighted that under the Scottish Power proposal if any one shipper was very active early on they would be able to block out any additional capacity for other shippers, if got a significant lead. However the Transporter proposal will allow any Shipper who has not used their full

capacity the day before the opportunity to have additional amendments processed the next day.

A number of members supported the xoserve proposal. KK preferred the Scottish Power proposal however she was willing to accept the Transporter Option as a pragmatic way of taking the process forward. DW expressed a preference for the Scottish Power allocation to encourage early utilisation. It was agreed to use and publish the Transporter version of the Guidance Document along side the Final Modification Report.

New Action 0105: xoserve to finalise the Guidance Documents and provide to the Joint Office for publication along side the Final Modification Report.

AW asked when the legal text would be available. He asked if the legal text is to include that the allocation of the capacity would be managed in a fair and equitable manner. AW suggested it would be helpful to have a statement with the legal text. ST believed that such a statement was not required, he believed that the Transporters have a over-arching principal to operate in fair and equitable way and that it was not necessary for such a statement to be included. He also highlighted that a statement was above and beyond what was in the mod. KK explained that a statement is made within the guidance document with regards to the treatment of capacity.

ST asked about the implementation date as some concern had been expressed about a 2011. He asked Shippers to give a preference on the implementation date within their representations.

AW anticipated making a decision to allow a 2011 implementation date, however he did ask for parties to provide an indication of cut off dates to allow 2011 implementation. DW suggested that British Gas would need approximately 6 months to implement system changes.

New Action 0106: Shippers to indicate on the UNC0292 representations a preferred implementation date, Transporters to indicate a cut off date to allow a 2011 implementation.

3.2. Proposal 0339 - Clarification of the AUG Year in respect of UNC Modification 0229 Proposal

BF asked if there were any additional comment's to be included in the report with regards to the retrospective impacts. Section 8 was amended.

DW asked about xoserve obtaining market share data for SAP prices.

It was confirmed that the Modification implementation and operation costs are likely to be the same even if the AUG slipped to 2013.

It was agreed to submit the report to January's Panel Meeting.

3.3. Proposal 0340 - Clarification of the AUG Year in respect of UNC Modification 0229 (alternative)

GE believed that UNC0339 and UNC0340 does not meet the original intentions of UNC0229. He believed that they do not clarify the intent of UNC0229. He believed there was a potential for a duplication of costs.

Additional comments were added to the report and it was agreed to submit the report to January's Panel Meeting.

3.4. **Proposal 0282 - Introduction of a process to manage Vacant sites**

MC gave an update on the amended modification.

DW asked about non SPAA signatories and their obligations to follow the product guidelines. GE believed that a non SPAA party would be obligated under the UNC.

Some concern was expressed about the timing and visibility of the SPAA schedule changes to aid the consultation process. KK explained that this would be possible.

The Workgroup considered the Report. Some further amendments were made to the mod and report. KK agreed to amend the modification in line with the changes made and submit an official amendment to the proposal to allow the Workstream Report to be published.

AW asked for some more detail on the costs verses the benefits, to help explain the benefits to the industry. KK explained Scottish power provided some information confidentially to Ofgem but an industry view was not obtainable so she was uncomfortable using Scottish Powers singular view. It was suggested that this might want to be included within confidential representations.

New Action 0107: Shippers to provide further information on the potential cost benefits of a Vacant Site process within representations (confidential representations may be necessary).

4. AOB

4.1. **LDZ Energy / Demand values split by NDM, DMV and DMM.**

ST provided some information on the LDZ Energy / Demand values split. ST agreed to publish the number of supply points. See slide 6 on the following link

<http://www.gasgovernance.co.uk/sites/default/files/WWU%20Datalogger%20Proposal%20Summary%20Aug10%20Update%20v1%201.ppt>

Or use the following link to access the presentation date 25 August.

www.gasgovernance.co.uk/dist/260810

5. Diary Planning

The next meetings are scheduled as follows:

Thursday 27 January 2011, 10:30, 31 Homer Road, Solihull, B91 3LT

Thursday 24 February 2011, 10:00, Elexon, 350 Euston Road, London NW1 3AW

Thursday 24 March 2011, 10:00, Elexon, 350 Euston Road, London NW1 3AW

Thursday 28 April 2011, 10:00, 31 Homer Road, Solihull, B91 3LT

Distribution Workgroup Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
Dis0808	26/08/10	3.1	0045Dis, Handling of Emergency Situations at Priority Customer Sites – Provide a statement of the actions/approach to be taken by Transporters when attending commercial that should be considered a priority.	Wales & West Utilities (ST)	Carried forward
Dis1107	25/11/10	2.2	UNC0282 - Clarify whether 0282 implementation could be shortened if the cost were increased	xoserve (LW)	Complete
Dis1108	25/11/10	3.3	Dis0047 - Consider the impacts of implementing option 8.	Transporters (All)	Carried forward
Dis1109	25/11/10	3.8	0052Dis -Report on the approach to dealing with illegitimately connected sites that were either safe or unsafe, and whether a commercial disconnection service might be provided	National Grid (CW)	Carried forward
Dis1110a	21/12/10	1.2	National Grid Distribution to provide formal communication to the Joint Office concerning the Bank Holiday on 29 April 2011 for onward circulation.	National Grid (CW)	Complete
Dis1203	03/12/10	2.2	UNC0331 - review Proposal to ensure legal text can be produced	SGN (JM) & EON (SB)	Carried forward
Dis1204	21/12/10	2.1	UNC0335 - National Grid NTS to provide details of the incentives, the licence condition and the impact of re-aligning the SO charges.	National Grid (AL/BV)	Carried forward
Dis1205	21/12/10	2.1	UNC0335 - Shippers to quantify the detrimental effects on the current payment timescales.	All Shippers	Carried forward
Dis1206	21/12/10	2.1	UNC0335 - National Grid Distribution to provide details on the impact to DNOs, if there was a change to the RbD timeline to bring it in line with the NTS credit timelines.	National Grid (CW)	Carried forward

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
Dis1207	21/12/10	2.2	UNC0339 - National Grid Distribution to provide a legal view on the ability to reconcile charges.	National Grid (CW)	Complete
Dis1208	21/12/10	2.4	UNC0343 - All to consider possible mechanisms and enforcement for further discussion on 27 January 2011.	All	Carried forward
Dis1209	21/12/10	2.5	UNC0292 - xoserve to provide clarity on the impacts on the last day, the possibility of an extended window, and how T04 files could be processed earlier.	xoserve (LW)	Complete
Dis1210	21/12/10	2.5	UNC0292 - SL/AR to provide a view on whether the Guidance Document can be operated under the current UNC rules.	EDF Energy and National Grid (SL/AR)	Complete
Dis1211	21/12/10	2.7	UNC0282 - xoserve to consider the implications if the Registered User does not remove the NDM SSP from the Vacant Process and consider if xoserve ought to remove sites from the Vacant Process under business rule 15.	xoserve (LW)	Complete
Dis1212	21/12/10	3.3	Dis0047 - xoserve to consider the implications of removing the Bank Holidays and weekends for the registration and confirmation process	xoserve (LW)	Carried forward
Dis0101	05/01/11	2.1	Dis0047 - Shippers to consider the implications to read windows on the removal of Bank Holidays.	Shippers	Pending
Dis0102	05/01/11	2.1	Dis0047 - xoserve to undertake system analysis and confirm lead time required.	xoserve (AJ)	Pending
Dis0103	05/01/11	2.1	Dis0047 - National Grid Distribution to draft a Modification for the removal of Bank Holidays.	National Grid (CW)	Pending
Dis0104	05/01/11	2.1	Dis0047 - All to consider other options as a contingency to Option 8.	All	Pending
Dis0105	05/01/11	3.1	UNC0292 - xoserve to finalise the Guidance Documents and provide to the Joint Office for publication along side the Final Modification Report.	xoserve (LW)	Pending

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
Dis0106	05/01/11	3.1	UNC0292 - Shippers to indicate on the UNC0292 representations a preferred implementation date, Transporters to indicate a cut off date to allow a 2011 implementation.	Shippers and Transporters	Pending
Dis0107	05/01/11	3.4	UNC0282 -Shippers to provide further information on the potential cost benefits of a Vacant Site process within representations (confidential where necessary).	Shippers	Pending