

Distribution Workgroup Minutes

Tuesday 08 March 2011

Via Teleconference

Attendees

| | | |
|------------------------|------|----------------------------|
| Bob Fletcher (Chair) | (BF) | Joint Office |
| Helen Cuin (Secretary) | (HC) | Joint Office |
| Alison Jennings | (AJ) | xoserve |
| Alan Raper | (AR) | National Grid Distribution |
| Chris Warner | (CW) | National Grid Distribution |
| David McCrone | (DM) | Scottish Power |
| David Watson | (DW) | British Gas |
| Elaine Carr | (EC) | Scottish Power |
| Karen Kennedy | (KK) | Scottish Power |
| Joel Martin | (JM) | Scotia Gas Networks |
| Jonathan Wisdom | (JW) | RWE npower |
| Sean McGoldrick | (SM) | National Grid Distribution |
| Simon Trivella | (ST) | Wales & West Utilities |
| Tabish Khan | (TK) | Ofgem |

1. Introduction and Status Review

1.1. Minutes from the previous meetings

No comments had been received and the Minutes were accepted.

1.2. Review of actions from previous meetings

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.**

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.**

Dis1205: UNC0335 - Shippers to quantify the detrimental effects on the current payment timescales.

Action Update: Action deferred. **Carried Forward.**

Dis0108: 0047Dis - Shippers to provide the numbers of customer that have used the cooling off period and the typical points when this is used within the 14 days to assess the maximum likely number of cancelled confirmations.

Action Update: Action deferred. **Carried Forward.**

Dis0109: 0047Dis - Ofgem to provide a view on Shippers objecting to transfers and not allowing customers to transfer supplier within 21 days and whether this be considered a breach by the new supplier.

Action Update: Action deferred. **Carried Forward.**

Dis0110: 0047Dis - All Shippers to consider reducing the objection and confirmation window to reduce the transfer timescales, consider any other impacts such as those on Gemini and provide a response to the Joint Office.

Action Update: Action deferred. **Carried Forward.**

Dis0111: 0047Dis - Transporters to provide a rough estimate of the likely costs for each solution.

Action Update: Action deferred. **Carried Forward.**

Dis0112: UNC0330 - Transporters to consider the use of a nominated representative from DESC to help support the tender evaluation process.

Action Update: Action deferred. **Carried Forward**

Dis0201: UNC0274 - Consider withdrawal of modification.

Action Update: Action deferred. **Carried Forward.**

Dis0202: UNC0360 – Ofgem to speak to small Shippers regarding issues raised with UNC0305 and report back to inform UNC0360 meetings.

Action Update: Action deferred. **Carried Forward.**

Dis0203: UNC0360 – BF to contact proposer of UNC0360 to agree an earlier meeting date.

Action Update: Meeting arranged for 15 March 2011 via Teleconference.

Complete.

Dis0204: ISS 0017 - Contact R Street to request approval to close this Issue and Action Dis1109.

Action Update: Action deferred. **Carried Forward.**

Dis0205: ISS 0026 - Contact R Street to obtain more detail on this issue and report back.

Action Update: Action deferred. **Carried Forward.**

Dis0206: ISS 0027- Clarify what images will be associated with this pilot scheme at representative/consumer interaction points.

Action Update: Action deferred. **Carried Forward.**

2. Modifications

Copies of all materials are available at: <http://www.gasgovernance.co.uk/dist/080311>.

2.1. 0282/0282A – Introduction of a process to manage Vacant sites

BF explained that the Modification Panel had referred the report back to the Workgroup for further assessment.

KK explained the amendments to the Business Rules. JM questioned the commodity charges element in Business Rule 10, KK anticipated that the commodity charges would be picked up through RbD. DW asked why the rationale had changed and challenged why Shippers would not be responsible for the commodity charges. KK explained that the Shipper would be responsible for the supply point and the capacity charges but not commodity. CW highlighted that this is different to the treatment of isolated sites. DW believed that this amendment changes the charging to shippers on the basis if gas is offtaken the costs are unnecessarily socialised.

JW believed this rule simply states that if a site is vacant and gas is not being offtaken, then charges for commodity will not be applied, he believed business rule 13 covered the situation if gas has been offtaken, however Scottish Power had removed this business rule from their modification.

KK explained that the original business rule 13 had been removed because the Transporter may not be in a position to understand when the site became vacant and that the recognition of any gas offtaken is managed under renumbered rules 13,14 and 15.

DW explained that the alternative modification keeps the element that a Shipper will be responsible for all site charges if gas is found to be offtaken. DW believed if gas has been used the registered user should be responsible for the charges and should not expect the industry to subsidise gas offtaken.

KK challenged if gas is offtaken how would Shippers identify when the gas was offtaken and how much gas had been used.

British Gas did not agree with the business rules presented by Scottish Power and asked for the Workgroup Report to reflect this. British Gas believed that because any gas offtaken during the period of time the site is classified as vacant is to be socialised through RbD, the apportionment of costs in the SSP sector may be less accurate following implementation of Mod 0282.

CW explained that the isolation process charges all costs back to the Shipper for any gas offtaken. KK believed that costs would still be charged back to Shippers though the RbD process.

DW believed in maintaining the vacant sites within the RbD process the RbD costs are socialised across all RbD Supply Points regardless of whether a sites is vacant or not, and questioned whether this is appropriate for vacant sites.

JM believed that it would be possible to draft the legal text for the Mod 0282 business rules. Some concerns had been expressed with Mod 0282A in relation to the use of a UNC Related Document and what business rules should appear in the UNC TPD. British Gas confirmed that the rules should sit within the UNC and that the modification would be amended to reflect this.

JM explained that the original ROM only reflects the previous Mod 0282 business rules and that the recent business rule changes may result in the current ROM not reflecting system costs or Mod 0282A. DW wanted to understand the margin of error. ST preferred to update the ROM for the amendments and include Mod 0282A. The expectation was that the ROM would be available in time for the consultation process.

BF highlighted that the Panel had requested Legal Text for the consultation process and it was assumed that the Panel would still want this text when the report is submitted for their consideration. JM explained that the Legal Text is not quiet ready; he wanted to have the finalised modifications before the Legal Text is released.

AJ believed that Xoserve would not be able to provide an updated ROM in time for the 17 March Panel meeting, however it was anticipated that this would be made available during the consultation process.

It was agreed that the Workgroup Report needed to reflect any comments for Mod 0282A and the concerns expressed today about the registered

user responsibility for commodity charges and the socialisation or misallocation of the costs.

TK asked if there was any information on the benefits, he recognised that the initial ROM suggested quite an expensive cost and Ofgem would like to understand how quick this investment would be recuperated. KK explained that some information had been provided previously to Ofgem. DW and KK intended to submit further information to Ofgem but this would include commercially sensitive data. DW suggested that British Gas would provide Ofgem with some information before the consultation process.

The Workgroup Report was updated to reflect the discussions held.

3. AOB

None Raised.

4. Diary Planning

The next meetings are scheduled as follows:

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 |
| 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 |
| Dis1205 | 21/12/10 | 2.1 | UNC0335 – Shippers to quantify the detrimental effects on the current payment timescales. | All Shippers | Carried forward |
| Dis0108 | 27/01/11 | 1.3 | 0047Dis - Shippers to provide the numbers of customer that have used the cooling off period and the typical points when this is used within the 14 days to assess the maximum likely number of cancelled confirmations. | Shippers | Carried forward |
| Dis0109 | 24/02/11 | 1.3 | Amended Action 0047Dis - Ofgem to clarify what will happen in different scenarios to trigger a restarting of the clock. | Ofgem (AW) | Carried forward |
| Dis0110 | 27/01/11 | 1.3 | 0047Dis - All Shippers to consider reducing the objection and confirmation window to reduce the transfer timescales, consider any other impacts such as those on Gemini and provide a response to the Joint Office. | Shippers | Carried forward |
| Dis0111 | 27/01/11 | 1.3 | 0047Dis - Transporters to provide a rough estimate of the likely costs for each solution. | Transporters | Carried forward |
| Dis0112 | 27/01/11 | 2.1 | UNC0330 - Transporters to consider the use of a nominated representative from DESC to help support the tender evaluation process. | Transporters | Carried forward |

| Action Ref | Meeting Date | Minute Ref | Action | Owner | Status Update |
|------------|--------------|------------|---|---------------------------------|-----------------------------|
| Dis0201 | 24/02/11 | 1.3.1 | UNC0274 – Consider withdrawal of modification. | E.ON UK (BD) | Carried forward |
| Dis0202 | 24/02/11 | 2.5 | UNC0360 – Ofgem to speak to small Shippers regarding issues raised with UNC0305 and report back to inform UNC0360 meetings. | Ofgem (AW) | Carried forward |
| Dis0203 | 24/02/11 | 2.5 | UNC0360 – BF to contact proposer of UNC0360 to agree an earlier meeting date. | JO (BF) | Complete - meeting 15/03/11 |
| Dis0204 | 24/02/11 | 3.1 | ISS 0017- Contact R Street to request approval to close this topic and Action Dis1109. | JO (BF) | Carried forward |
| Dis0205 | 24/02/11 | 3.6 | ISS 0026 - Contact R Street to obtain more detail on this issue and report back. | Waters Wye (GE) | Carried forward |
| Dis0206 | 24/02/11 | 3.7.1 | ISS 0027- Clarify what images will be associated with this pilot scheme at representative/consumer interaction points | National Grid Distribution (CW) | Carried forward |