
Distribution Workgroup Minutes
Thursday 24 February 2011
at Elexon, 350 Euston Road, London NW1 3AW

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Alan Raper	(AR)	National Grid Distribution
Andrew Wallace	(AW)	Ofgem
Anne Jackson	(AJa)	SSE
Brian Durber	(BD)	E.ON UK
Chris Warner	(CW)	National Grid Distribution
Colin Thomson*	(CT)	Scotia Gas Networks
Dave Turpin	(DT)	xoserve
David Watson	(DW)	British Gas
Dora Ianora	(DI)	Ofgem
Elaine Carr	(EC)	Scottish Power
Gareth Evans	(GE)	Waters Wye
Jemma Woolston	(GW)	Shell Gas Direct
Joanna Ferguson	(JF)	Northern Gas Networks
Jonathan Wisdom	(JW)	RWE npower
Linda Whitcroft	(LW)	xoserve
Nathan Phillips	(NP)	National Grid Distribution
Nick Reeves	(NR)	National Grid NTS
Phil Broom	(PB)	GDF suez
Simon Trivella	(ST)	Wales & West Utilities
Stefan Leedham	(SL)	EDF Energy

* *via teleconference*

1. Introduction and Status Review

1.1. Minutes from the previous meetings

Minutes – 27 January 2011

Page 3: EC pointed out that Action 0107 should refer to UNC0282, and not UNC 0292.

Page 3 Section 1.3: AJ requested the following amendment:

“AJ provided a presentation on the Third Energy Package. She explained the requirement under the EU directive is to allow customers to switch supplier within 3 weeks (21 days), including Bank Holidays. AJ explained in the majority of cases 70% of possible start dates were available to enable a transfer within 21 days [from submission of the confirmation](#), however to increase this percentage xoserve have considered the option to treat Bank Holidays as working days.”

The Minutes were then accepted.

Minutes – 10 February 2011

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.**

Dis1208: UNC0343 - All to consider possible mechanisms and enforcement for further discussion on 27 January 2011.

Action Update: Completed. **Closed.**

Dis0104: 0047Dis -All to consider other options as a contingency to Option 8.

Action Update: Completed. **Closed.**

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: See 1.4, below. **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: See 1.4 below; **action amended. 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: See 1.4, below. **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**

Dis0113: UNC0330 -Transporters to consider the contracting element of the modification and provide advise to the proposer.

Action Update: Completed. **Closed**

Dis0114: UNC0335 - Proposer to amend modification.

Action Update: Completed. **Closed**

Dis0115: UNC0335 - Transporters to request ROM.

Action Update: Completed. **Closed**

1.3. Review of Live Modifications

1.3.1. Modification 0274: Creation of a National Revenue Protection Service (update)

BD reported there was no update was available. BF noted that Ofgem had granted an extension until April 2011. The group then briefly discussed the advantages/disadvantages of keeping this modification alive.

ST pointed out that the Panel had requested some months ago that this modification be withdrawn. JF added that any modification in this area would now look entirely different and this would have to be revised/rewritten. It was in the old format, under the old rules and there seemed little point in it continuing.

AW confirmed Ofgem was awaiting the output of the NRPS group (March) and will be using that as a basis for its Impact Assessment.

Whilst recognising this was now a 'shell' of a modification, Shippers believed that this topic still required visibility at the Workgroup.

BD noted these views and intended to discuss with the proposer of the modification and report back to the Workgroup.

Action Dis0201: UNC0274 - Consider withdrawal of modification.

1.4. ISS 0020, Third Energy Package

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: SL had been unable to obtain this information due to other internal priorities/commitments due to system upgrading work. LW reported that the responses received indicated less than 0.5% cancellations would be received, which equated to 350 per month. BD believed E.ON figures were 10% of cancellations occurred in the last 3 days, however on second reading of the requirements he was not sure the appropriate figures had been provided and intended to recheck the position and resubmit to Xoserve if necessary. **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: AW confirmed that this would not be considered a breach by the new supplier. Other scenarios were briefly discussed and AW was asked to clarify what will happen in different scenarios to trigger a restarting of the clock, eg if debt is cleared by the customer, who then reapplies and a second confirmation is made – would a new contract/start time be agreed each time?

Amended Action Dis0109: 0047Dis - Ofgem to clarify what will happen in different scenarios to trigger a restarting of the clock. **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: BF reported that 4 responses had been received, but because of the late submissions, collation of the information provided had not been possible in time for this meeting. SL asked if Xoserve was suggesting that it be done as a Nexus solution; LW confirmed that this was a misunderstanding. DT added that Xoserve was still looking into the options to better understand the complexities.

Carried Forward.

SL had heard that the dates for the Third Package had 'slipped' and that it was due to go before Parliament sometime between Easter and the summer recess, and this suggested that there might be a little more leeway. AW responded that the official view of March/April still stood, and Ofgem was also waiting to understand what is happening in the smart metering arena. It was looking for this group to provide the analysis to inform what is to be done with the 3 week switching. When smart metering information is clearer it could be reconsidered holistically.

It was pointed out that the worst possible scenario for Shippers was to change Bank Holidays. AW was looking for more analysis to see what is a feasible change, timescales and costs from Xoserve, and what are the levels of concern in the Shippers' view.

Processes were discussed and instances where manual interventions would be required. Referring to changing parameters, potential staff training etc, it was considered very hard to quantify the impacts on operational/manual processes and the costs. Shippers would be better placed to quantify in detail when they had a clear steer.

Shippers said that the objection window change was easy to handle, but they would have system issues after confirmation acceptance, which was slightly more difficult. AW asked if this was an issue to do with changing the date, or perhaps one of timing. JW believed it to be a timing issue.

Responding to SL, DT confirmed that Xoserve was aiming to make a response at the March Workgroup.

Responding to JW, ST pointed out that Gemini changes were planned a long time in advance, so there would be little opportunity to make any changes this year. DT added that it was not yet known if Gemini would be impacted to the extent that changes would be required, but the analysis should provide a clearer picture, and point towards the most appropriate option.

Concerns were raised regarding signing up a customer around the time of one or more Bank Holidays. JW asked if Ofgem would have any 'leniency'. SL commented that he would expect any indication of this to be in a written letter to avoid parties being put into a breach position and attracting a hefty fine.

BF summarised that Shippers would provide more information to help refine the options and that at the next meeting cost information from Xoserve would be expected.

2. Modifications

Copies of all materials are available at: <http://www.gasgovernance.co.uk/dist/240211>.

2.1. **Proposal 0330 - Delivery of additional analysis and derivation of Seasonal normal weather**

ST confirmed that the proposer was amending the modification to address concerns raised around the tendering process, and draft legal text was also being reviewed. The two will be aligned and a revised modification will be submitted.

2.2. **0331 - Demand Estimation Section H Changes to Processes and Responsibilities**

BF reported that the last meeting was inquorate, and the Workgroup Report had been republished. It was confirmed that legal text was being prepared and should be available shortly.

The Workgroup Report was considered and approved by Workgroup for submission to panel.

2.3. **0335 - Offtake Metering Error - Payment Timescales**

JW reported that changes had been made to the Business Rules and following discussions the Transporter was considering further points.

A date was requested from Xoserve and an update would be provided.

LW believed that more clarification was required on how voluntary discontinuance and termination scenarios would be affected, and pointed out that a party could not exit the market until all charges had been paid and any protraction of the process would have an adverse impact.

In respect of Action Dis1205, JW had no specific numbers to share in open forum, but can share these with Ofgem if necessary.

JW confirmed that the modification related to debits only, and to significant errors only.

It was noted that the Workgroup Report was due at the May Panel, and it was suggested that it be developed at the next Workgroup meeting.

Following discussions with fellow Transporters, AR intended to bring an alternative (either in draft or by way of a detailed explanation) to the next meeting.

2.4. **0343 - The ability and requirement for Users and Transporters to raise issues to be considered by the Allocation of Unidentified Gas Expert as “known” issues**

EC gave a presentation in response to Action Dis1208.

The difficulties of enforcement were acknowledged and appreciated. GE was concerned that the AUGGE may have to review many irrelevant submissions, as parties may submit information because they are unsure of the significance.

The Workgroup Report was considered and approved by Workgroup for submission to March Panel, with a recommendation that legal text be requested.

2.5. 0360 - Removal of Credit Rating Restrictions from Definition of Parent Company

BF reported that the first Workgroup meeting was planned to take place following the 24 March Distribution Workgroup Meeting, and that the Workgroup Report was due at the April Panel – is this sufficient time?

GE, representing the proposer, relayed the view that separate meetings were required rather than on main Distribution Workgroup meeting days.

There was a brief discussion during which it was noted that apparently independent Suppliers had been in contact with Ofgem to discuss certain areas of difficulty relating to the implementation of UNC0305, and that may or may not be linked with the intent of this modification. It was acknowledged that it was hard to address other parties' concerns without knowing what they were.

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

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

Post Meeting Update: The first meeting of Workgroup 0360 will take place via teleconference on Tuesday 15 March 2011 commencing at 10:00.

2.6. 0367 – Interruptible to Firm – Supply Point Transition

BF confirmed that the first Workgroup meeting will take place following the 24 March Distribution Workgroup Meeting, and a draft report would be put together for submission to the April Panel.

2.7. 0362 – Use of 'notional Meter Readings' and 'Agreed Opening Meter Readings' for Individual CSEP Reconciliation

BF confirmed that the first Workgroup meeting will take place following the 24 March Distribution Workgroup Meeting.

PL had provided a presentation however the consideration of this was deferred until 24 March 2011.

3. Issues

3.1. ISS 0017, Disconnection Process

DW believed this to be centred on how a Shipper would arrange for a Transporter to disconnect. AR responded that this was not really a UNC issue, and would be a bilateral arrangement.

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

3.2. ISS 0018, Handling of Emergency Situations at Priority Customer Site

It was agreed to carry forward Action Dis0808.

3.3. ISS 0023, DN Interruption Phase 2 ("Oct 2011 implementation")

It was agreed that this Issue could now be closed now that Modification 0367 – Interruptible to Firm – Supply Point Transition had now been raised and a Workgroup had been established. The first Workgroup meeting will take place following the 24 March Distribution Workgroup Meeting.

3.4. ISS 0022, DM unbundling

Following a brief discussion it was agreed that this topic should be kept open.

3.5. ISS 0024, Procurement of NDM Profiling Data

CW reported that consideration was still being given as to how best to procure the data, and requested that this topic be kept open.

3.6. ISS 0026, Manual reporting mechanisms for Theft of Gas

DW believed this related to some parties' inability to use ConQuest forms, but was unsure as to what the problems might be, and suggested GE contact R Street for more detail/clarity.

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

3.7. New Issues

3.7.1 ISS 0027, Proposed agreement for the identification and administration of Unregistered Sites

CW gave a presentation, describing and explaining a pilot scheme for identifying and administering "unregistered sites".

Concerns were expressed at the apparent lack of a tendering process, at the appointment of British Gas as the Transporters Agent for National Grid Distribution, and how it would interact with consumers in this role (badging, vans, uniforms, telephone call answering, etc). CW emphasised that National Grid Distribution had been working closely with Ofgem on this embryo pilot and not all details were in place yet.

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

Shippers raised a number of questions relating to the practical operation of such a scheme, and asked how British Gas would comply when dealing with, eg vulnerable customers, when there was no supply contract in place. ST pointed out these were unregistered sites and there was no assumption that these sites were offtaking gas. Identification of and registering of these sites would reduce RbD exposure, and any monies recovered over and above operational costs would go toward reducing transportation charges. There was a benefit for the industry as a whole in reducing the total of unregistered sites.

British Gas, as its agent, will levy an invoice on behalf of National Grid Distribution – the invoice will be from National Grid Distribution itself.

There will be a proper procedure to follow to assist consumers with finding a supplier; AW believed there might be a 'script' to follow. The scheme will be monitored to give reassurance to other Shippers regarding the impartial operation of the parties involved in the pilot.

AJa believed that more details needed to be provided with regard to the practical aspects, such as what happens if a customer cannot pay the back charges, and how would any such bills be able to be queried.

Practical details of what an incoming supplier can expect and how it must react when picking up one of these previously unregistered sites would be very much welcomed.

ST pointed out that there were many different scenarios - sites may be supplied by a contract but not registered and this would need to be addressed – perhaps it was a failure of an initial registration process. There may be sites with no meter in place and no gas was being consumed. There may be sites where meters have been fitted illegally and gas is being consumed. How would the cost associated with identifying a site that was found not to be passing gas be recovered? Perhaps Licence conditions might need reviewing to allow for recovery of costs in various cases. CW responded that consequential collateral effects are being looked at together with Xoserve.

Recognising this is a controversial area, AW encouraged the submission of any concerns to Ofgem and National Grid Distribution.

The Workgroup agreed that this Issue should be assigned a High profile.

4. AOB

4.1. AUG Project Update

BF confirmed that Xoserve had scheduled a meeting on 09 March 2011 at 31 Homer Road, Solihull B91 3LT.

GE suggested that it would be useful to know the identity (company or individual) in advance so that questions could be structured appropriately.

5. 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
Dis1203	03/12/10	2.2	UNC0331 –review Proposal to ensure legal text can be produced	SGN (JM) & EON (SB)	Complete
Dis1205	21/12/10	2.1	UNC0335 – Shippers to quantify the detrimental effects on the current payment timescales.	All Shippers	Carried forward
Dis1208	21/12/10	2.4	UNC0343 – All to consider possible mechanisms and enforcement for further discussion on 27 January 2011.	All	Closed
Dis0104	05/01/11	2.1	Dis0047 –All to consider other options as a contingency to Option 8.	All	Closed
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)	Action amended and Carried forward

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
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
Dis0113	27/01/11	2.1	UNC0330 -Transporters to consider the contracting element of the modification and provide advise to the proposer.	Transporters	Closed
Dis0114	27/01/11	2.3	UNC0335 -Proposer to amend modification.	RWE npower (JW)	Closed
Dis0115	27/01/11	2.3	UNC0335 – Transporters to request ROM.	Transporters	Closed
Dis0201	24/02/11	1.3.1	UNC0274 – Consider withdrawal of modification.	E.ON UK (BD)	
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)	
Dis0203	24/02/11	2.5	UNC0360 – BF to contact proposer of UNC0360 to agree an earlier meeting date.	JO (BF)	
Dis0204	24/02/11	3.1	ISS 0017- Contact R Street to request approval to close this topic and Action Dis1109.	JO (BF)	
Dis0205	24/02/11	3.6	ISS 0026 - Contact R Street to obtain more detail on this issue and report back.	Waters Wye (GE)	

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
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)	