

**Distribution Workgroup Minutes**  
**Thursday 27 January 2011**  
**at 31 Homer Road, Solihull, B91 3LT**

**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
Andy Leese(via teleconference)	(AL)	National Grid NTS
Andy Miller	(AM)	xoserve
Beverley Viney	(BV)	National Grid NTS
Brian Durber	(BD)	E.ON UK
Chris Hill	(CH)	First Utility
Chris Warner	(CW)	National Grid Distribution
David Watson	(DW)	British Gas
Elaine Carr	(EC)	Scottish Power
Jemma Woolston	(GW)	Shell Gas Direct
Joanna Ferguson	(JF)	Northern Gas Networks
Joe Lloyd	(JL)	xoserve
Joel Martin	(JM)	Scotia Gas Networks
Jonathan Wisdom	(JW)	RWE npower
Linda Whitcroft	(LW)	xoserve
Mark Jones	(MJ)	SSE
Mark Perry	(MP)	xoserve
Mark Cockayne	(MC)	xoserve
Mo Rezvani	(MR)	SSE
Phil Broom	(PB)	GDF suez
Richard Jones	(RJ)	xoserve
Stefan Leedham	(SL)	EDF Energy
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 Dis1108:** 0047Dis - Transporters to consider the impacts of implementing option 8.

**Action Update:** See item 1.3.**Complete.**

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

**Action Update:** JM confirmed that the Modification needs amending. This item was deferred for further consideration on 10 February 2011. **Carried Forward.**

**Action Dis1204:** UNC0335 - National Grid NTS to provide details of the incentives, the licence condition and the impact of re-aligning the SO charges.

**Action Update:** It was confirmed that the information required was provided at the last workgroup meeting, however the action had been left open to enable for this to be considered further. **Closed.**

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

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

**Action Dis1206:** 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.

**Action Update:** AR explained that any delay on payment is relatively negligible. **Complete.**

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

**Action Update:** EC provided an update explaining that a few areas are being considered such as the SPAA schedule. A review is also taking place on the best practise adopted by the electricity market to ascertain what could be adopted in gas. **Carried Forward.**

**Action Dis1212:** 0047Dis -xoserve to consider the implications of removing the Bank Holidays and weekends for the registration and confirmation process.

**Action Update:** See item 1.3. **Complete.**

**Action 0101:** 0047Dis -Shippers to consider the implications to read windows on the removal of Bank Holidays.

**Action Update:** See item 1.3. **Complete.**

**Action 0102:** 0047Dis -xoserve to undertake system analysis and confirm lead time required.

**Action Update:** See item 1.3. **Complete.**

**Action 0103:** 0047Dis -National Grid Distribution to draft a Modification for the removal of Bank Holidays.

**Action Update:** See item 1.3. **Closed.**

**Action 0104:** 0047Dis -All to consider other options as a contingency to Option 8.

**Action Update:** Consideration on-going, see item 1.3. **Carried Forward.**

**Action 0105:** UNC0292 - xoserve to finalise the Guidance Documents and provide to the Joint Office for publication along side the Final Modification Report.

**Action Update:** LW confirmed no further amendments were required. She asked the Joint Office to publish the document.

**Post Meeting Note:** The Joint Office have formatted the document and published along side the FMR. **Complete.**

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

**Action Update: Closed.**

**Action 0107:** UNC0292 - Shippers to provide further information on the potential cost benefits of a Vacant Site process within representations (confidential representations may be necessary).

**Action Update: Closed.**

### 1.3. 0047Dis, Third Energy Package

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, however to increase this percentage xoserve have considered the option to treat Bank Holidays as working days. Option 8 was initially considered, as the easiest option in addressing the outstanding transfers where 21 days could be met for all. However, at the previous meeting AJ explained what the changes would involve and how this could affect associated processes such as meter read windows. Analysis has indicated that 85 processes would be affected by the removal of SPA non-business days.

AJ explained that inclusion of Bank Holidays, as working days could not be achieved in time for April, she also suggested that at this stage it would be difficult to achieve for the May Bank Holidays. It was anticipated such a change may be possible for the August Bank Holiday, depending on when the work would commence.

SM expressed concerns about being in breach of the EU law. MR challenged the cost of the change and the loss of any benefit to the customer of missing the transfer deadline by 1 day. He believed that increasing industry costs for a percentage of dates that would potentially miss the 21 day transfer window by 1 or 2 days was not the intent of the EU directive. AJ highlighted an interpretation provided by DECC that the requirement is for as many customers as possible to be able to switch within 3 weeks. However, AW explained that DECC does not enforce the licence requirements, it is down to Ofgem. AW asked how the industry is going to secure compliance.

AJ reiterated the other options, considered at previous Workgroups. She explained the impact of the cooling off period ending on a Friday or a weekend and enquired if the three week transfer period starts immediately after the cooling off period or on the next working day following the cooling off period. AW recognised there is an issue with the cooling off period ending on a Friday. He confirmed the transfer date has to be within 21 days including the first day.

The other options included reducing the 7 day objection window, removing the objection process, reducing the confirmation window, confirming a supply point during the 14 day cooling off period, the incumbent shipper withdrawing and suppliers using same shipper organisation updating Transport systems via "SUN" file within D+1.

AJ explained the 7 day objection window would have to be reduced to 3 days for this to work as a solution on its own, when taking into account Bank Holidays during the Christmas period. The timescale would not need to be so short should this option be implemented alongside other options.

AR suggested where two Bank holidays are back to back i.e. Easter and Christmas, the industry could consider setting only one of these days as a bank holiday and the second as a working day.

SL explained that Bank Holidays are hard wired dates in some Shipper systems and that these systems can be connected to other processes, such as booking appointments or payroll, therefore the impact would be much more far ranging.

AJ suggested that the other option could be to remove the objection process. She suggested that an offline approach could be used for inter-shipper disputes. JW believed that this approach would be labour intensive, wouldn't be efficient and could affect the transfer experience.

AJ suggested a further option of reducing the confirmation window to 4 days and reducing the objection window by 4 days therefore reducing the transfer window by 8 days in total. SL envisaged this as a long-term solution. SM was concerned about the impact to Gemini activities; nevertheless he supported the principal of combining a squeeze of different processes rather than relying on changing one process.

AJ also explained how a transfer could be confirmed during the 14 day cooling off period for the domestic market. The confirmation could then be cancelled should the customer decide not to proceed. This would not apply for the industrial market as, it was recognised that there would need to be an ability to cancel the confirmation. SL was concerned about using this option and how this could increase the number of cancelled confirmations. AJ asked if Shippers could provide the number of customers that use the cooling off period and the likelihood of them using the cooling off period in the last few days, as this could assist understanding the likelihood of an increase number of cancelled confirmations.

**Action 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.

AJ explained that an option shippers could take is for the incumbent shipper to withdraw from the site allowing the confirmation to take place in D-8.

AJ also highlighted that where a supplier uses the same Shipper the "SUN" file within D+1 can be used as it is only necessary to change the supplier ID.

BD believed that most Shipper systems would automatically object to transfers. It was asked if an objection is processed and the customer cannot transfer who would be in breach, would this be the incumbent shipper? AW confirmed that this would need to be understood.

**Action 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.

The majority of support was towards reducing a combination of different process windows.

JW was not in support of changing Bank Holidays without separating out the processes so it only affected the supply point transfer process; he was also concerned about the impacts to Shippers. He much preferred the option of reducing the objection and confirmation windows.

SM suggested that all Shippers ought to consider reducing the objection window and confirmation window to 5 days and consider any impacts on Gemini. He wished to understand the commercial impacts there may be e.g. contracts with a Meter Reading Agency.

It was decided to publish a template to aid the responses, which would be collected by the Joint Office.

**Action 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.

BD asked if a cost estimate could be provided for the different options. SL suggested that the reduction of the objection window might be a smaller cost change. It was anticipated that the Bank Holiday change would be much more costly.

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

#### **1.4. 0049Dis, DN Interruption Phase 2 ("Oct 2011 implementation")**

AR/AJ provided a presentation on the DN Interruption changes and explained that Shippers will need to re-confirm all LDZ interruptible supply points with an effective date of 01 October 2011.

It is proposed that any sites, which remain un-confirmed by the close out date, will be re-confirmed as Firm by the Transporter on the current Registered User's behalf.

AJ explained the restricted transfer date, that a re-confirmation of an LDZ interruptible supply point with requested effective dates between 08 September and 19 October 2011 will need to be rejected as these confirmations would prevent a correct transfer for 01 October 2011, as two confirmations cannot exist at the same time.

SM asked about transfers during the re-confirmation process. AJ advised Shippers that xoserve would process an invoicing adjustment in instances where an SPA transfer could not align with the customer contract due to the SPA restrictions imposed by this change.

AJ confirmed that any of the 1,700 interruptible supply points that have not been re-confirmed as firm by the close out date will be restricted between 08 September and 19 October 2011 to enable xoserve to undertake the necessary re-confirmations for 1 October 2011.

AJ explained the Backstop Process. A debate occurred about the SHQ and SOQ parameters that could cause rejections and that it is important that this rational is looked at as soon as possible as some pre-work may be necessary. SL suggested that the draft modification should be amended to reflect that this would need to be looked at. He also believed that this was not a self-governance modification.

SM asked about the timescales of the modification and the restricted timelines for assessment. It was recognised that a complete modification would be required with costs and impact assessments for it to proceed directly to consultation.

AW asked about the assessment against the relevant objectives impact on transfers.

AR agreed to consider amending the draft modification.

#### **1.5. Review of Live Modifications**

##### **1.5.1. Proposal 0274: Creation of a National Revenue Protection Service (update)**

BF provided an update, he explained that an extension had been granted until the April 2011 Panel by Ofgem, he confirmed that a report would need to be concluded in March.

## 2. Modification Proposals

*Copies of all materials are available at: <http://www.gasgovernance.co.uk/dist/270111>.*

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

BF provided an update on the progress of the modification. There were some questions raised at the Panel meeting and some in relation to the legal text, JM believed that a change was required around the contractual arrangements within the modification. Concern was expressed about the tender and approval process. A challenge had been made about the ability for the DESC to become involved in the tendering process and their powers within that process.

MR believed there wasn't sufficient reason for Transporters to have such concerns, he wanted to understand what realistically could happen. JM explained that the proposal would allow DESC the opportunity to overturn decisions made whilst the tendering process was taking place or had been completed – this is not possible. He highlighted that the DESC could not make a decision on a contractual relationship under a tender process. The tendering process is confidential.

MR asked if the appointment criteria can be established with DESC. JM suggested that DESC would be able to suggest considerations for the assessment criteria, but due to confidentiality of the tender process could not have a final decision on the appointed party. DESC are not the contracting party.

BF asked if an expert could be appointed by DESC to help advise transporters during the tendering process. JM thought it might be possible, though there would be a need for a confidentiality agreement.

It was suggested that the evaluation criteria could be produced in conjunction with DESC for use by the Transporters for the tendering process.

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

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

It was agreed the proposer would be making further amendments to the modification.

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

JM confirmed that the suggested legal text amendments to section H was not necessarily reflected with the modification. It was anticipated that E.ON UK would amend the proposal to allow the legal text to be produced.

The workgroup discussed the possibility of holding an additional workgroup meeting to discuss the documentation. It was agreed to consider holding a meeting on 10 February 2011.

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

JW confirmed some amendments had been made on the modification he explained what these were and that further amendments would be required.

It was anticipated the costs would be 100% costs assigned to the Transporters.

JW explained that RbD Shippers were funding significant costs, which Shippers may not have immediate funds for and that there is no commercial incentive on the Transporter to ensure that Offtake Metering Errors are prevented. He explained that spreading the payment would assist. It was believed that Shippers could mitigate the risk by accruing.

AR wanted to understand what the loss is to RbD Shippers face, for an incentive regime to work an assessment of the loss to Shippers would need to be made. He believed that its the NTS shrinkage manager that is affected, RbD Shippers would be in theory taking more gas than what is being paid for and that all Shippers would be impacted through Shrinkage.

SL believed that there is not an incentive on Transporters for avoiding meter errors like there is for Shippers though scheduling charges.

MC explained that by using Energy Balancing the non-payment of any invoice due to a party failing would result in the charges being smeared across the community. This is exposing the community to a further risk.

It was anticipated that Transporters would request the ROM on the production of the amended modification.

**Action Dis0114:** UNC0335 - Proposer to amend modification.

**Action Dis0115:** UNC0335 - Transporters to request ROM.

**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**

See item 4.1.

**3. Issues**

**3.1. 0040Dis, Disconnection Process**

Item Deferred

**3.2. 0045Dis, Handling of Emergency Situations at Priority Customer Sites**

Item Deferred

**3.3. 0050Dis, DM unbundling**

Item Deferred

**3.4. 0051Dis, Procurement of NDM Profiling Data**

Item Deferred

**3.5. 0052Dis, Manual reporting mechanisms for Theft of Gas**

Item Deferred

**3.6. New Topics**

None.

**4. AOB**

#### **4.1. AUG Project Update**

AM provided a presentation providing an update AUGE appointment process. He confirmed that a meeting is to be scheduled with the expert in March.

AM explained that xoserve are seeking topics from the industry for the AUGE to discuss and consider. Submissions need to be sent to [commercial.enquiries@xoserve.com](mailto:commercial.enquiries@xoserve.com) starting the subject title with "AUGE Topic – "

The topics submitted shall be reviewed by the Transporters and an assessment made as to whether to include this within the AUGE scope.

Some concerns were expressed that the list of topics could be reduced or limited prior to the AUGE considering them. AM explained that xoserve were seeking topics to make an assessment and to ensure time is used efficiently by not looking at issues that are managed elsewhere. SM asked if items are submitted that are not in the scope that this is acknowledged to close the process.

AM wished to avoid having the AUGE auditing existing processes or double counting gas that a process already exists to manage.

SM asked that all topics should be submitted to the AUGE for consideration. It was strongly opposed that any topic should be removed before the AUGE had considered it.

DW wanted the AUGE to be free to review any area considered to be appropriate for investigation and not be restricted by transporters.

Following the feedback AM provided reassurance that all topics would be published to the industry and AUGE review.

AM proposed some refinements to the guidelines to clarify provision of data, reporting and access to data.

He summarised the proposed changes and provided a marked up version of the guidelines. He confirmed that these would be submitted for approval at the UNCC. A few further amendments were also suggested to section 6.3, which AM agreed to make.

DW asked about the committee having the ability to make recommendations in relation to the appointment, re-appointment or termination of the AUGE. AM explained it would be inappropriate for the committee to make recommendations, as this would imply the committee have an input into the AUGE appointment process.

#### **4.2. Industry CSEP Framework**

CW provided a presentation on the improvements and progress made with CSEPS for all parties to consider.

#### **4.3. Datalogger**

BF highlighted that WWU provided two presentations for further consideration.

### **5. Diary Planning**



The next meetings are scheduled as follows:

Thursday 10 February 2011, 13:00, via teleconference (UNC0330 and UNC0331)

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
Dis1108	25/11/10	3.3	Dis0047 – Consider the impacts of implementing option 8.	Transporters (All)	Complete
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)	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)	Closed
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)	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
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)	Complete

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
Dis0101	05/01/11	2.1	Dis0047 –Shippers to consider the implications to read windows on the removal of Bank Holidays.	Shippers	Complete
Dis0102	05/01/11	2.1	Dis0047 –xoserve to undertake system analysis and confirm lead time required.	Xoserve (AJ)	Complete
Dis0103	05/01/11	2.1	Dis0047 –National Grid Distribution to draft a Modification for the removal of Bank Holidays.	National Grid (CW)	Closed
Dis0104	05/01/11	2.1	Dis0047 –All to consider other options as a contingency to Option 8.	All	Carried Forward
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)	Complete
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	Complete
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	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	Pending
Dis0109	27/01/11	1.3	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.	Ofgem (AW)	Pending

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	Pending
Dis0111	27/01/11	1.3	0047Dis - Transporters to provide a rough estimate of the likely costs for each solution.	Transporters	Pending
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	Pending
Dis0113	27/01/11	2.1	UNC0330 -Transporters to consider the contracting element of the modification and provide advise to the proposer.	Transporters	Pending
Dis0114	27/01/11	2.3	UNC0335 -Proposer to amend modification.	RWE npower (JW)	Pending
Dis0115	27/01/11	2.3	UNC0335 – Transporters to request ROM.	Transporters	Pending